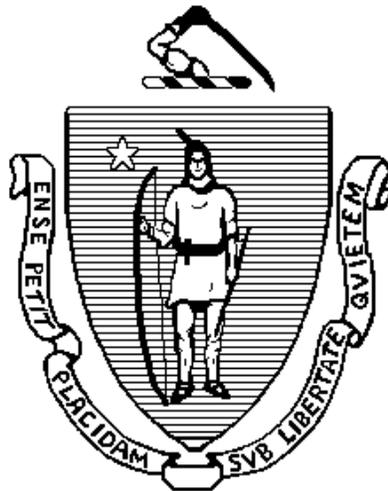


# Commonwealth of Massachusetts



## Statutory Basis Financial Report

*For the Fiscal Year Ended June 30, 2003*

Martin J. Benison, CGFM  
*State Comptroller*

Prepared by  
*The Financial Reporting and Analysis Bureau  
Office of the State Comptroller*

This Document is available at the Comptroller's website: [www.mass.gov/osc](http://www.mass.gov/osc)

## Leonard P. Zakim / Bunker Hill Bridge

Swiss bridge designer Christopher Menn conceived the bridge to reflect, with its inverted Y-shaped towers, the shape of the Bunker Hill monument, a major element of the visual landscape from the bridge.

In 1794, the original Bunker Hill monument, an 18-foot pillar with a gilt urn, was erected by King Solomon's Lodge of Masons to honor fallen patriot and mason, Dr. Joseph Warren. In 1823, a Bunker Hill Monument Association was formed to construct a more permanent monument to honor all of the patriots. The fundraising efforts continued on for years. In the late 1830's Protestant industrialist, Amos Lawrence of Boston, offered to contribute \$10,000 if someone else would cover the balance. No one volunteered. Judah Tauro, a native Bostonian who was a merchant and well-known philanthropist living in New Orleans, heard of the plight and donated the remaining amount.

The existing monument was completed in 1842. At the dedication in 1843, a poem attributed to the poet and humorist Oliver Wendell Holmes was read that contained the following lines:

*"Amos and Judah, venerated names  
Patriarch and Prophet, press their equal claims ...  
Christian and Jew they carry out one plan  
For though of different faiths, each is in heart a man"*

Lenny Zakim's untimely death at the age of 46 in 1999 was a significant loss for Massachusetts and the nation. To Lenny, it was his life's work and obligation to bring people together, because he could not comprehend the concept of the word "hate". The bridge was an opportunity to recognize and honor his work as the regional director of the Anti-Defamation League of New England for 20 years. At a ceremony to announce the celebrations and dedication events for this bridge, which connects Charlestown and Boston, Massachusetts Turnpike Authority Chairman, Matthew J. Amorello said "This celebration will serve as unique tribute to Lenny Zakim and the Bunker Hill patriots. Both stood tall in the face of injustice, held their ground, and fought for liberty and freedom."

## Cover Photography

Leonard P. Zakim Bunker Hill Bridge  
courtesy of Peter Vanderwarker

## Research

*The Big Dig: Reshaping an American City*  
By Peter Vanderwarker, Little Brown 2001

*The Jews of Boston*  
Edited by Jonathan D. Sarna and Ellen Smith  
Combined Jewish Philanthropies of Greater Boston 1995

# Statutory Basis Financial Report

For the Fiscal Year Ended June 30, 2003

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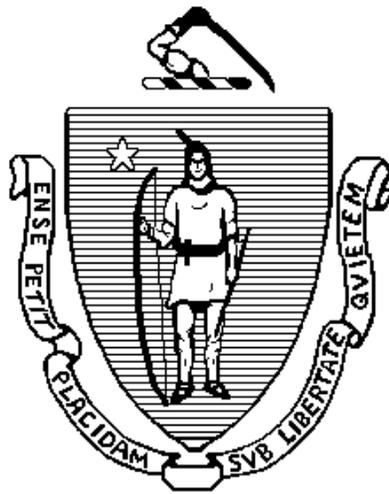
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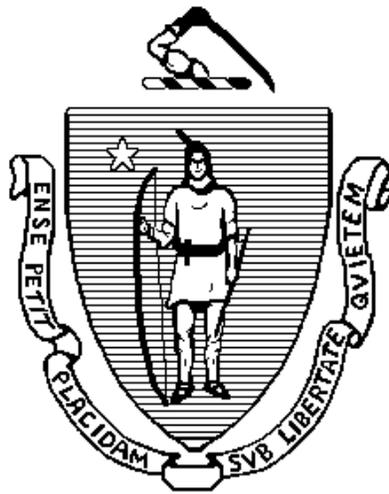


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# *Introductory Section*



Comptroller's Letter of Transmittal  
Constitutional, Legislative and Judicial Officers  
Acknowledgements  
Organization Chart of State Government  
Advisory Board to the Comptroller



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*Martin J. Benison, Comptroller  
One Ashburton Place  
Boston, MA 02108*

***October 24, 2003***

***To the Citizens of the Commonwealth of Massachusetts,  
Governor Mitt Romney, and Honorable Members of the  
General Court***

I am pleased to present to you the Statutory Basis Financial Report (SBFR) of the Commonwealth for the fiscal year ended June 30, 2003 (FY03).

The financial difficulties that began for the Commonwealth in fiscal 2002, continued in FY03. Tax revenues from all sources enjoyed a moderate increase of 4.8% after a drop of 15.2% in FY02. Unfortunately, unemployment has continued to hover between 5.2% and 5.7% for the entire year, slightly better than the rest of the nation as a whole.

To combat these difficulties, the Commonwealth made difficult decisions. The Governor and the former Governor used powers under Massachusetts General Laws to cut budgeted spending during the fiscal year. Local government aid and lottery distributions to cities and towns were reduced. Spending cuts were made to programs including Medicaid, education, higher education, transitional assistance and other health and human services programs. Many fees were increased Commonwealth-wide from deeds filing fees to higher education activity fees, certain tax loopholes were also closed and revenues were generated through a tax amnesty program. All of the receipts from the tobacco settlement were appropriated in FY03 and \$550 million was transferred from the Stabilization Fund to balance the budget. Finally, the Commonwealth through the FY04 general appropriation act improved statutory financial reporting by redefining consolidated net surplus to include all budgeted funds. Along with this action, the Commonwealth has closed 51 budgeted, capital projects and trust funds. All of their future activity will be reported in the General Fund or the General Capital Project Funds. Several other minor funds were also moved from budgeted to non-budgeted or trust activity. These accomplishments are very important in improving the representational faithfulness of budgeting and operating results.

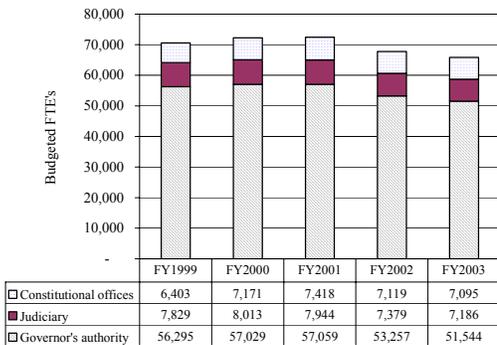
With this in mind, I am reporting that the Commonwealth finished the year ended June 30, 2003 with a consolidated net surplus of approximately \$150.9 million. Of this amount \$75.7 million has been transferred to the Stabilization Fund. This surplus represents less than three days of government operations. Our financial picture will remain cautious for the near future.

## ***Financial Highlights***

To meet the fiscal challenges of FY03 and beyond, the Commonwealth continued to take extraordinary measures to maintain fiscal balance.

- \$550 million was removed from the Stabilization Fund on July 1. However, at the close of the fiscal year, \$227.4 million was redeposited into the fund from tax loophole closure and fund closure. An additional \$75.7 million was transferred to the fund from surplus. Beginning in FY05, an additional 0.5% of current year net tax revenues must be deposited into the Stabilization Fund before the year – end surplus is determined in addition to the current statutorily required carry-forward amount. Finally, the ceiling on the balance in the Stabilization Fund was increased from 10% to 15% of total current year budgeted revenues.
- All of the tobacco settlement proceeds for the year were used for current operations, up from 50% in the prior year.
- \$39 million was removed from surplus funds previously set aside for capital projects from previous years for current operations.
- The Commonwealth refunded over \$3 billion in general obligation bonds, taking advantage of some of the lowest interest rates in history. We prudently refrained from issuing tobacco settlement bonds or pension obligation bonds, which many of our peer states have either considered or sold.
- Approximately \$213.2 million of Medicaid related spending has been moved off budget, funded by fees and related federal financial participation. Enrollment in Medicaid has increased by 3%.
- There was a \$937 million net decrease from the Unemployment Compensation Fund, reducing an ending balance to approximately \$491 million. The Department of Employment and Training estimates that the fund will be operating at a deficit by January 2004. State law provides that in the event of a deficit in the Fund that is not paid back by September 2004, additional revenues will be collected from employers in order to pay the interest that has accrued on the debt.
- In FY04, the pension obligation has been moved “off budget,” using transfers of surplus and the transfer of the value of the Hynes Convention Center and the Boston Common Garage from the Massachusetts Convention Center Authority to the Pension Reserves Investment Trust.

**Budgeted Full Time Equivalent  
Workforce  
Including Budgeted Higher Education  
June 1999 – June 2003**



The Commonwealth also took measures operationally to achieve balance.

- The budgeted full time equivalent workforce, including budgeted higher education equivalent count dropped from 67,755 as of June 2002 to 65,825 as of June 2003. The FY04 General Appropriation Act included another employee retirement incentive reduction plan. The graphic to the left details the reductions over the last five years.
- Starting in FY04, the employee's share of group health insurance premiums will increase from 15% to 20% of the cost of the insurance for those who earn more than \$35,000. All new employees hired after June 30, 2003 will contribute 25% of the cost of the insurance, regardless of salary.
- Tax decreases put in place earlier than FY02 were frozen. The income tax rate remains at 5.3%. The graduated capital gains tax portion has also been frozen at 5.3%. Charitable deductions were eliminated and cigarette tax rates have doubled to \$1.51 per pack.

**Overview of the Financial Statements**

This report includes the reports on the activity and balances of the budgeted funds, non-budgeted special revenue funds, capital project funds, fiduciary funds and the non-appropriated funds of higher education.

The financial operations of these funds are maintained in the Massachusetts Management Accounting and Reporting System, (MMARS). The statewide accounting system is operated by the Commonwealth and contains detailed information summarized in this report.

The SBFR is intended to satisfy the requirements of state finance law, and to present fairly the results of FY03 activity in the Commonwealth's funds. The report contains computations required by state finance law, including the certification of the Stabilization Fund and Tax Reduction Fund.

*Basis of Accounting*

The statutory basis of accounting, defined in Massachusetts law, is typically used to budget and control fiscal operations. The statutory basis of accounting is not in conformity with accounting principles generally accepted in the United States of America, (GAAP) as defined for governments by the Government Accounting Standards Board (GASB). This report's purpose is to document compliance with Massachusetts state finance law. I will report the Commonwealth's financial position on a GAAP basis in December, in our Comprehensive Annual Financial Report, (CAFR). This report, which will be prepared in accordance with GAAP, provides a basis for comparison with other governments. There is a major divergence between what is contained in the SBFR fund balance, revenues and expenditures and what will be presented in December under GAAP. The major differences include

presentation of the historical cost of infrastructure, the recording of depreciation expense, the presentation of all types of debt on the face of the financial statements and the presentation of those financial statements in an all – encompassing, net assets and net expense format.

In accordance with Massachusetts General Laws, the Office of the Comptroller transmits the SBFR on or before October 31<sup>st</sup>. The SBFR report for fiscal year ended June 30, 2003 herein is audited by Deloitte & Touche, Independent Certified Public Accountants, and represents the conclusion of financial activity and the closing of the Commonwealth’s books on the statutory basis of accounting for the fiscal year. This audit is conducted in conjunction with the Office of the State Auditor, which provides knowledge, expertise and resources to close and audit the financial statements.

This report includes the budgeted funds, non-budgeted special revenue funds, capital project funds, fiduciary funds and the non-appropriated funds of higher education.

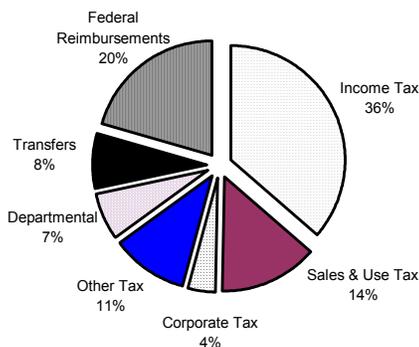
The financial operations of these funds are maintained in the Massachusetts Management Accounting and Reporting System, (MMARS). The statewide accounting system is operated by the Commonwealth and contains detailed information summarized in this report. This system, in place since 1986, will be retired at the close of FY04, as it will be replaced by a web – based system, NewMMARS.

### ***The Budgeted Funds***

For FY03, expenditures and other uses of budgeted funds continued to exceed revenues and other sources of budgeted funds, resulting in an operating deficit of \$451.9 million. This deficit is indicative of the ongoing economic downturn.

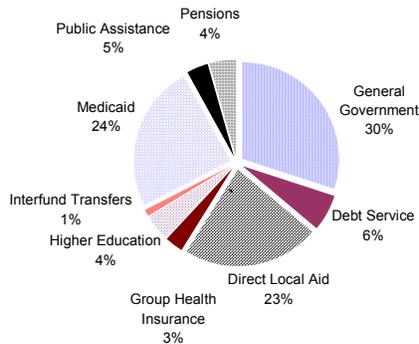
Any surplus or deficit has to be viewed in a trend. Generally accepted standards indicate that a structural balance is achieved when revenues exceed expenditures over a period of multiple years. Prior to FY02, the Commonwealth had over a decade-long record of operating gains. Throughout FY03, for the second year, the budget balance continued to rely on significant use of prior year surpluses. Much of the accumulated prior year surplus balances have been used to balance the current year budget. In FY04 and in future years, the challenge will be to match spending to available revenues.

***Budgeted  
Revenues and Other  
Sources***



In FY03, budgeted revenues and other sources increased 3.8% from FY02 reflecting slight increases in tax revenues. Federal reimbursements also rose, though largely from increases in Medicaid reimbursements and approximately \$58 million received in the form of a federal Medicaid Assistance Percentage (FMAP) payment pursuant to the federal Jobs and Growth Reconciliation Act of 2003. From a multi-year perspective, the proportion of revenue sources by category to total budgeted revenues and other sources showed a slight increase of 0.3% in taxes with corresponding drops in departmental and other revenues and interfund transfers. Personal income and sales taxes continue to be the largest sources of tax revenue for the Commonwealth. Corporate

***Budgeted Expenditures and Other Uses***



tax revenue rose this year, surpassing fuel revenue, while cigarette tax revenue more than doubled due to increased tax rates.

Budgeted expenditures and other uses, including transfers decreased by 1.6%. This is reflective of fiscal budgetary tightening, with a decrease of nearly 2% or \$400 million in programs and services expenditures. The Budgeted Funds – Operations table on page 6 displays the FY03 summary of budgeted funds, compared to FY02. The FY03 financial statements for each of the 57 individual budgeted funds are included in the financial section of this report.

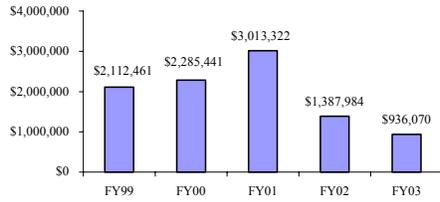
In conducting the budget process, the Commonwealth excludes those “interfund” transactions within the budgeted funds that are included in this report because by their nature, have no impact on the combined fund balance of the budgeted funds. The table Budgeted Funds – Operations isolates this “interfund” activity from the budgeted sources and uses to align forecasts prepared during the budget process to actual amounts in this report. Transfers among the Budgeted Funds increased this year due to amounts transferred from stabilization to other funds to balance the budget for the year. A detailed list of these interfund transfers is included in Note 3 to the general purpose financial statements.

The graph of Budgeted Funds – Fund Balance, on page 7, shows the combined fund balance in the budgeted funds for the past five years. This “bottom line” perspective demonstrates the accumulation of resources attributable to balanced budgets through FY01 and the reliance on these resources in FY02 and FY03 as spending was adjusted to align with the lower revenue base. Note that in FY04, this definition will include all remaining budgeted funds. The FY03 ending balance of \$936.1 million is composed of three items. The Stabilization Fund balance of \$641.3 million is the largest component. The other components include \$218.0 million undesignated surplus available for appropriation in FY04 and \$76.7 million reserved and designated for continuing appropriations and debt service. With the current state of the economy, we now realize the importance of the balance in the Stabilization Fund and its direct correlation to the financial condition of the Commonwealth.

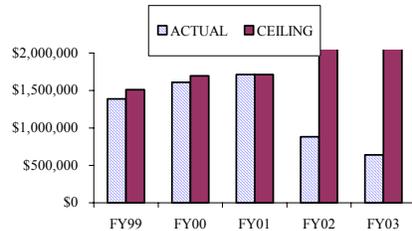
**Budgeted Funds - Operations**  
**(Amounts in thousands)**

	2002	2003
Beginning fund balances:		
Reserved and designated.....	\$ 895,260	\$ 195,173
Reserved for Tax Reduction .....	33,565	-
Reserved for Stabilization Fund.....	1,714,990	881,771
Undesignated.....	369,507	311,040
Total.....	3,013,322	1,387,984
Revenues and other sources:		
Taxes.....	13,622,710	14,279,567
Federal reimbursements.....	4,334,934	4,523,648
Departmental and other revenues.....	1,485,249	1,494,755
Interfund transfers from non-budgeted funds and other sources.....	1,732,024	1,689,198
Budgeted revenues and other sources.....	21,174,917	21,987,168
Intragovernmental Service Fund revenues.....	115,226	117,223
Interfund transfers among budgeted funds and other sources.....	1,759,205	3,193,296
Total revenues and other sources.....	23,049,348	25,297,687
Expenditures and other uses:		
Programs and services.....	20,412,684	20,022,626
Debt service.....	1,304,735	1,373,409
Pension.....	795,782	813,469
Interfund transfers to non-budgeted funds and other uses.....	287,054	229,579
Budgeted expenditures and other uses.....	22,800,255	22,439,083
Intragovernmental Service Fund expenditures.....	115,226	117,223
Interfund transfers among budgeted funds and other uses.....	1,759,205	3,193,296
Total expenditures and other uses.....	24,674,686	25,749,602
Excess (deficiency) of revenues and other sources over expenditures and other uses.....	(1,625,338)	(451,914)
Ending fund balances:		
Reserved and designated.....	195,173	76,735
Reserved for Stabilization Fund.....	881,771	641,325
Undesignated.....	311,040	218,010
Total.....	\$ 1,387,984	\$ 936,070

**Budgeted Funds – Fund Balance  
(Amounts in Thousands)**



**Stabilization Fund –  
Fund Balance  
(Amounts in Thousands)**



State finance law, as amended during FY03, increased the maximum balance that may accumulate in the stabilization fund to a level of 10% of budgeted revenues and other sources. For FY04, this ceiling has increased to 15%. The law then directs that any amount in excess of this “cap” be transferred to the Tax Reduction Fund for future, one-time, personal income tax rebates. Due to the significant transfer out of stabilization, it will be a while before the “cap” will be reached. The details of these calculations can be found on pages 334 through 339 of this report.

The graph, Stabilization Fund Balance portrays this “cap” and the balance of the fund over a five-year period. Despite the Commonwealth’s positive financial condition, a few cautionary notes are merited. There are certain problems with the definitions in the state finance law, enacted in 1986 and continued with slight modifications to the present. A balanced budget, defined as the “Consolidated Net Surplus,” is the combined undesignated fund balance of the General, Local Aid, and Highway Funds. According to this restricted definition, fiscal balance was achieved in FY03. This definition has been redefined to include all budgeted funds starting in FY04.

Under current general laws, an amount equal to 0.5% of tax revenues is retained in the funds contributing to the calculation. Beginning in FY05, an additional .5% of current year tax revenues must be deposited in stabilization before the year end surplus is determined.

Further complicating this issue was the existence of a large number of “minor” budgeted funds. Over the past several years, dozens of new “minor” funds were created. These funds split off revenues and expenditures previously accounted for as part of a major fund, such as the General Fund. A number of these funds had structural imbalances leading to chronic deficits. The trend to fragment the budget into such special interest funds was addressed with consolidation and closure of the majority of those funds as of June 30, 2003. We applaud the Legislature and the Governor for taking this step.

**Stabilization Fund Activity  
in FY 2003  
(Amounts in Thousands)**

Balance as of June 30, 2002 .....	\$ 881,771
Add: Investment income .....	6,456
Tax loophole closure revenue .....	110,074
Insurance demutualization revenue .....	76,546
Transfers from repealed funds .....	<u>40,805</u>
Subtotal .....	1,115,652
June 30th Consolidated Net Surplus transfer .....	<u>75,673</u>
Subtotal .....	1,191,325
Less: July 1st Budgeted transfer from stabilization .....	<u>(550,000)</u>
Balance as of June 30, 2003 .....	<u>\$ 641,325</u>

### ***The Non-Budgeted Funds***

The Non-Budgeted Funds represent operations in which the government has imposed its sovereign authority, but has excluded these operations from the annual budget process. During FY03, the Commonwealth maintained 34 of these funds. The largest funds include the Lottery, Federal Grants, Debt Defeasance, Health Care Security Trust (the recipient of tobacco settlement funds), Grant Anticipation, Sewer Rate Relief, the Medical Security Trust, the new Health Care Quality Improvement Fund and the Uncompensated Care Funds. The Open Space Acquisition Fund was added and repealed this year with no activity. In FY04, the Convention and Exhibition Center Fund will become Non-Budgeted. These funds are commonly referred to as special or dedicated revenue funds whose revenues are matched to related expenditures.

The table, Non-Budgeted Funds – Operations, includes a summary of the FY03 non-budgeted funds. Financial statements for each of the individual funds are included in the financial section of this report. Several of these funds are worth mentioning. At June 30, 2003, the Federal Grants Fund had a positive fund balance, but there is a deficiency in cash within the fund. This situation results in the Commonwealth drawing funds from the federal government a few days after applicable cash disbursements to assure an “interest neutral” timing of the federal – state cash exchange. These requirements were established by the Cash Management Improvement Act of 1990. Within the Lottery Funds, gross revenues continued to increase this fiscal year. The Lottery continues to be a strong source of cash flow for the Commonwealth.

#### **Non-Budgeted Funds - Operations (Amounts in thousands)**

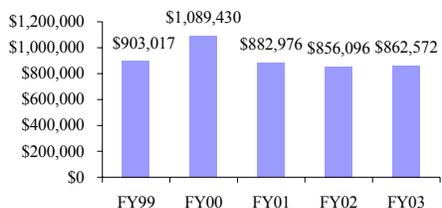
	<u>2002</u>	<u>2003</u>
Beginning fund balance.....	\$ 882,976	\$ 856,096
Revenues and other sources:		
Taxes.....	718,621	752,775
Assessments.....	452,510	526,888
Federal grants and reimbursements.....	2,496,932	2,855,445
Tobacco Settlement revenue.....	304,518	300,039
Departmental and miscellaneous.....	5,041,971	4,996,883
Transfers and other sources.....	<u>434,493</u>	<u>498,872</u>
Total revenues and sources.....	<u>9,449,045</u>	<u>9,930,902</u>
Expenditures and other uses:		
Programs and services.....	7,199,414	7,560,198
Debt service.....	77,413	77,200
Transfers and other uses.....	<u>2,199,098</u>	<u>2,287,028</u>
Total expenditures and uses.....	<u>9,475,925</u>	<u>9,924,426</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses.....	<u>(26,880)</u>	<u>6,476</u>
Ending fund balance.....	<u>\$ 856,096</u>	<u>\$ 862,572</u>

The Health Care Security Trust Fund receives all revenues from the Master Settlement Agreement (MSA) between the states and the tobacco industry to recover healthcare costs for tobacco related illnesses. The MSA estimates the Commonwealth revenues for the first 25 years of the settlement to be approximately \$7.6 billion. However, this estimate is prior to future adjustments, including adjustments for inflation and changes in the volume of domestic cigarette sales. In FY03, the Commonwealth received over \$300 million or 88.5% of the estimated amounts shown in the MSA. All proceeds received in FY03 were transferred to the Tobacco Settlement Fund, a budgeted fund. The Fund was also used as a cash flow mechanism for the new Health Care Quality Improvement Fund. The decline in Health Care Security Trust Fund (HST) assets is directly related to this financing provided as the HST invested assets had positive return on investment.

The Health Care Quality Improvement Fund (HCQIF) was established to accept transfers of fee revenue from nursing homes and pharmacies, along with applicable federal financial participation transferred from the HST. Subsequent to year-end, the Commonwealth returned \$18.8 million to pharmacies due to a judgement against the fees charged. This amount is reflected as a payable in the HCQIF. However, because of the way the HCQIF's programs are structured for FY04, there is a possibility that additional funds may have to come from the HST to finance those expenditures.

Federal Grant Anticipation Notes, (GANS) activity related to the Central Artery / Tunnel Project (CA/T) continued this year. During FY98, the Legislature authorized the issuance of up to \$1.5 billion in GANS to finance the current cash needs of the Project. These proceeds have been used to pay for federal grant - eligible expenses. From 2005 to 2015 these eligible expenses will be reimbursed by the federal government and the reimbursement will be used to payoff the GANS. As of June 30, 2002, all of the GANS had been issued. Subsequent to year-end, the Commonwealth completed a cross over refunding of the GANS. \$388.1 million in GANS issued in 1998 and 2000 at coupons ranging from 5.125% to 5.75% that will mature on December 15, 2008 and 2010, respectively, were partially refinanced with \$408.0 million of refunding notes with yields of 2.51% to 3.39%. The interest on the newly issued refunding notes is paid from an escrow until final redemption. This technique results in economic savings, but does not result in the defeased notes being removed from the Commonwealth's books until the maturity dates. The GANS mature between 7 to 17 years from the date of issuance and are redeemed by pledged future federal reimbursements. The GANS are not considered general obligation debt of the Commonwealth. Activity related to issuance of GANS and the accumulation of pledged funds and the payment of debt service is accounted for in the Grant Anticipation Note Trust Fund. The \$90 million surplus in FY03 represents \$80 million held for payment of interest on the GANS and \$10 million in cash from the GANS issuance that will be expended on the construction of the CA/T.

**Non-Budgeted Funds –  
Fund Balance  
(Amounts in Thousands)**



The universal health care funds, including the Uncompensated Care and Medical Security Trust Funds, have increased their annual revenue to nearly \$1.3 billion. However, \$117 million was transferred out to fund operations this year due to the lagging economy. As of the end of FY03, they have a combined fund balance of nearly \$143 million.

The graph Non-Budgeted Funds Balance shows the combined fund balance in the Non-Budgeted funds for the past five years. In each year, the entire balance is designated for the specific purpose of the fund. The only component of overall growth in fund balance in these funds this fiscal year was due largely to deposits into the Community Preservation Trust Fund. As indicated in previous years, more consolidation and elimination is needed for these funds. For example, the Government Land Bank Fund has a chronic structural fund deficit. The FY03 deficit balance of \$35 million remains an unbudgeted drain in cash flows in the General Fund. While steps have been taken to stop the growth in this deficit, the Fund should be abolished and the deficit transferred into the General Fund. An additional \$32 million deficit exists in the Motor Vehicle Inspection Fund. The enabling statute to the Fund mandates that the Fund must be in balance by June 30, 2005. There is no legislative consensus on a plan to resolve this deficit.

### ***The Capital Projects Funds***

The purpose of these funds is to construct or acquire capital assets for governmental use. The Governor may propose capital outlay budgets, which, upon enactment by the Legislature and approval by the Governor, become capital outlay acts. Capital outlay acts financed through the sale of debt require a two-thirds vote of the legislature. Numerous acts may be combined for reporting in an individual Capital Project Fund, but each act is accounted for separately within the Capital Projects Fund. These accounts record authorizations for expenditures in itemized capital appropriation accounts and equivalent authorizations to issue bonds or notes in anticipation of federal reimbursements.

The structure of these funds is that each capital outlay authorization is in balance, creating authorization for inflows, which may be from sales of bonds, federal reimbursements or other revenues and authorization for expenditures. Imbalances due to timing differences develop when the expenditure precedes the inflow of funds from the sale of bonds or federal reimbursements. Because of federal tax arbitrage rules, it is more difficult to sell bonds in anticipation of expenditures. The sale of bonds in advance is not commonplace in the Commonwealth.

The Commonwealth issued nearly \$5.0 billion in debt this year. Of this amount, \$1.9 billion to fund ongoing projects and over \$3.1 billion was in the form of general obligation refunding bonds, taking advantage of low interest rates. These refundings generated approximately \$127.8 million in present value debt service savings. Subsequent to year-end, the Commonwealth completed two additional refunding transactions which generated an additional \$47.6 million in present value debt service savings.

A significant portion of the Capital Projects activity continues to relate to the Central Artery / Tunnel Project (CA/T). The CA/T has been the target of an enormous amount of public scrutiny. The Commonwealth has aggressively responded to these concerns regarding the integrity of the cost estimates. For the third year, an independent evaluation of the entire estimate for the project has been undertaken. The current cost of

**Central Artery / Tunnel Project  
(Amounts in Billions)**

Sources of Funds:	2002	2003
Federal Funds	\$7.049	\$7.049
GANS	1.500	1.500
Massachusetts Turnpike Authority	1.850	1.658
Massachusetts Port Authority	0.365	0.302
Other Commonwealth Debt	3.711	3.931
Commonwealth Operating Funds and Investment Earnings	0.150	0.185
<b>Total Sources</b>	<b>\$14.625</b>	<b>\$14.625</b>

Costs of Construction:	2002	2003
Actual Costs through end of FY	\$11.655	\$12.979
Estimated / Actual Spending for FY03	1.254	1.324
Estimated Spending:		
FY04	0.907	0.688
FY05	0.588	0.776
FY06	0.221	0.182
<b>Total Estimated Costs of Construction:</b>	<b>\$14.625</b>	<b>\$14.625</b>

the project stands at \$14.625 billion. The federal government has capped its contribution to this project and the finance plan includes state sources to fund the state share of the project. The project is over 89% complete as of June 30, 2003.

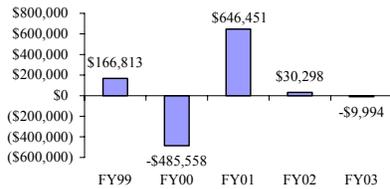
The east-west portion (Interstate 90) opened on January 18, 2003 and the northbound portion (Interstate 93) opened on March 29, 2003. The southbound portion (Interstate 93) is expected to open partially sometime between December 2003 and February 2004. Substantial completion is expected sometime between May and November 2005.

Pursuant to statute and agreements with the Massachusetts Turnpike Authority (the MTA) and the Massachusetts Port Authority (MassPort), the entities have committed to significant ongoing contributions to the Commonwealth as part of the financing for this project. These funds are in addition to funds from the Commonwealth and federal funds for the project.

The graph Capital Projects Funds – Fund Balance (Deficit) shows the combined fund balance in Capital Projects Funds for the past five years. The graph shows a deficit in the funds in FY03. The majority of these individual funds remain in deficit due to the timing differences between bonding and expenditure offset by one fund for central artery costs and one fund for the Convention Center where the Commonwealth is able to generate arbitrage revenues within the existing tax code.

The Capital Projects Funds – Operations table on the next page, includes the FY03 Capital Projects Funds, summarized and compared to FY02. Financial statements for each of the individual funds are included in the financial section of this report.

**Capital Projects Funds –  
Fund Balance (Deficit)  
(Amounts in Thousands)**



The Administration has implemented a coordinated fiscal strategy for the management of Capital Projects Funds. This strategy includes a five-year capital budget linked to debt management and cash management. The focus of this strategy is to manage capital spending and outstanding debt to levels the Administration considers appropriate for the Commonwealth. An important part of the strategy is to control capital spending within an annual administrative “cap.”

**Capital Projects Funds - Operations**  
(Amounts in thousands)

	2002	2003
Beginning fund balance (deficit).....	<u>\$ 646,451</u>	<u>\$ 30,298</u>
Revenues and other sources:		
Federal grants and reimbursements.....	339	519
Departmental and miscellaneous.....	54,671	40,025
Payment from Authorities.....	-	104,914
General and special obligation financing.....	1,357,960	1,911,200
Proceeds of refunding bonds.....	1,501,415	3,398,240
Transfer for Federal Reimbursements.....	495,551	507,343
Transfer in due to debt defeasance .....	34,590	-
Transfers and other sources.....	<u>292,661</u>	<u>284,750</u>
Total revenues and other sources.....	<u>3,737,187</u>	<u>6,246,991</u>
Expenditures and other uses:		
Acquisition of assets.....	2,696,159	2,635,578
Payments to refunded bond escrow.....	1,276,562	3,398,240
Transfers and other uses.....	<u>380,619</u>	<u>253,465</u>
Total expenditures and other uses.....	<u>4,353,340</u>	<u>6,287,283</u>
Excess (deficiency) of revenues and other sources over expenditures and uses.....	<u>(616,153)</u>	<u>(40,292)</u>
Ending fund balance (deficit).....	<u><u>\$ 30,298</u></u>	<u><u>\$ (9,994)</u></u>

***The Fiduciary Funds (Excluding Agency Funds)***

The Fiduciary Funds record the Commonwealth's responsibility for assets it controls on behalf of other parties. Examples of such funds are the Unemployment Compensation and Pension Trust Funds. The table on the following page, which excludes assets held on a purely custodial capacity in so-called Agency Funds, summarizes the FY03 activity of the Fiduciary Funds. Over 84% of this Fiduciary Fund activity is related to the Commonwealth's Pension Fund detailed in fund statements found in this report.

The \$410 million operating loss in this fund group is the result of two major components:

- The net in value of pension assets increased by \$511 million. However,
- Payments to the unemployed in the Commonwealth exceed employer contributions to the Unemployment Compensation Trust Fund by over \$937 million.

The pension valuation is based on data as of January 1, 2003. Details of this valuation are outlined in note 10. The value of pension assets of the public retirement system dropped from FY02 to FY03 from 81.1% funded to 69.9% funded. This is due to economic conditions and early retirement. Due to market conditions after June 30 and a new early retirement incentive program in effect for FY04, this percentage could be lower.

**Fiduciary Fund - Operations (Excluding Non-Expendable Trusts)**  
**(Amounts in thousands)**

	2002	2003
Beginning fund balance.....	\$ 30,957,564	\$ 28,083,520
Revenues and other sources:		
Taxes.....	862,033	905,821
Federal reimbursements.....	395,390	744,385
Departmental and other revenues.....	1,624,018	1,950,375
Interfund transfers and other sources.....	29,740	26,245
Unrealized and realized investment earnings / (losses).....	(1,658,292)	967,084
Total revenues and sources.....	1,252,889	4,593,910
Expenditures and other uses:		
Expenditures.....	4,031,260	4,814,732
Interfund transfers.....	95,673	189,217
Total expenditures and uses.....	4,126,933	5,003,949
Excess (deficiency) of revenues and sources over expenditures and uses.....	(2,874,044)	(410,040)
Ending fund balance.....	\$ 28,083,520	\$ 27,673,480

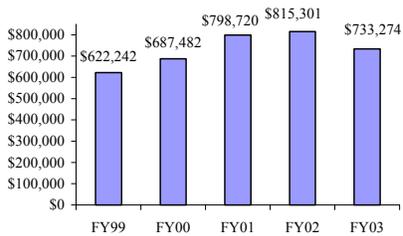
***The Non-Appropriated Funds of Higher Education***

The SBFR includes the financial operations of the non-appropriated funds of the 25 Institutions of Higher Education in the statistical section of this report. Over the past few years, significant efforts have been taken by our office and the institutions to improve the accuracy and timeliness of this Higher Education segment of the financial report. Each Institution of Higher Education is authorized and directed in its enabling statute to collect, retain and expend certain fees, rents, sales, donations, federal financial participation and other types of revenue through campus based systems. These financial resources are integral parts of the total financial activity of each campus. They also represent resources in addition to amounts made available from Commonwealth appropriations.

**Non-Appropriated Funds Of Higher Education - Operations**  
(Amounts in thousands)

	2002	2003
Beginning fund balance.....	<u>\$ 789,720</u>	<u>\$ 815,301</u>
Revenues and other sources:		
Federal Grants and reimbursements.....	273,617	299,199
Departmental and miscellaneous.....	952,590	719,485
Transfers and other sources .....	<u>384,434</u>	<u>701,170</u>
Total revenues and other sources.....	<u>1,610,641</u>	<u>1,719,854</u>
Expenditures and other uses:		
Programs and services.....	1,144,925	1,646,136
Transfers and other uses.....	<u>440,135</u>	<u>155,745</u>
Total expenditures and uses.....	<u>1,585,060</u>	<u>1,801,881</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses.....	<u>25,581</u>	<u>(82,027)</u>
Ending fund balance.....	<u><u>\$ 815,301</u></u>	<u><u>\$ 733,274</u></u>

***Non-Appropriated Funds of Higher Education – Fund Balance***  
(Amounts in Thousands)



The Non-Appropriated Funds for Higher Education – Operations table includes the FY03 funds, summarized and compared to FY02. Financial statements for each of the individual funds are included in the statistical section of this report. The graph Non-Appropriated Funds for Higher Education – Fund Balance shows the combined fund balance for the past five years. The combined balance represents \$515 million for the University of Massachusetts, \$122 million for the State College system and \$96 million for the Community Colleges. These balances are designated for specific purposes, such as restrictions on endowments or other specialized purposes specified by the funding contributions.

## Conclusion

The Commonwealth has many accomplishments in FY03 of which it can be proud.

The Office of the Comptroller continued its effort to build a more collaborative working relationship among members of this office and Chief Fiscal Officers (CFO) of the Commonwealth in a program we call "PARTNERS in Financial Management." The second CFO conference brought together CFOs from across the Commonwealth for two days of meetings. PARTNERS stands for people, accountability, responsibility, trust, negotiation, efficiency, risk assessment and mitigation, and solutions. We have enhanced the mantra that all systems, big and small, depend on people who are integral to those systems. This recognizes that fiscal officers of the Commonwealth are being given increased authority and at the same time being held accountable for their actions, ensuring a balance of efficiency and integrity of the financial operations of the Commonwealth. We must maintain this standard to maintain the public trust. We strike this balance between efficiency and integrity of operations through constant risk assessment and effective risk mitigation. Finally, we strive to find solutions to many of the Commonwealth's problems in conjunction with the rest of the CFOs, so that full input is heard.

This past December we released the Commonwealth's Comprehensive annual financial report with a new look and feel. With the implementation of GASB Statement 34 the Commonwealth's financial statements now include a more comprehensive view of the financial condition accruing all long-term assets and liabilities on the balance sheet including Commonwealth infrastructure. Underlying the change to this document was an extensive statewide project to:

- value Commonwealth infrastructure at historical cost;
- redesign underlying financial systems; and,
- work with the 25 institutions of Higher Education and 30 public authorities to make changes to their financial systems.

This was a huge multi-department undertaking. It was conducted with no additional funding and has been highly successful.

The Commonwealth has eliminated a number of funds and adopted a more straightforward definition of fiscal balance including all of the budgeted funds. The definition of fiscal balance that had previously only included the fund balance within three of the budgeted funds has been expanded to include all budgeted funds for FY04. In addition the number of budgeted funds has been reduced from 54 to 4. However subsequent to year end the Legislature reinstated the Inland Fisheries and Game Fund and exempted it from the definition of fiscal balance.

The Commonwealth is in the midst of the most significant system upgrade in almost two decades. The Office of the Comptroller and the Information Technology Division have partnered with American Management Systems of Fairfax Virginia, to upgrade the Commonwealth financial management system to a web based architecture. The new system is slated to be completed in time for the

### Minor Budgeted Funds Eliminated (Transferred amounts in Thousands)

Fund Name	Fund Balance / (Deficit) <u>Transferred</u>
<b>Minor Budgeted Funds</b>	
<b>Transferred to the Stabilization Fund:</b>	
Child Support Penalty Fee Fund.....	(352)
Brownfields Revitalization Fund.....	924
Firearms Records Keeping Fund.....	2,194
Tobacco Settlement Fund.....	32,404
Antitrust Enforcement Fund.....	(3,320)
Victim and Witness Assistance Fund.....	(14,850)
Intercity Bus Capital Assistance Fund.....	(5,115)
Motorcycle Safety Fund.....	223
Environmental Challenge Fund.....	1,180
Drug Analysis Fund.....	308
Toxics Use Reduction Fund.....	(8,430)
Clean Environment Fund.....	32,795
Environmental Permitting and Compliance Assurance Fund.....	(56,068)
Underground Storage Tank Petroleum Product Cleanup Fund.....	(14,684)
Environmental Law Enforcement Fund.....	(3,957)
Public Access Fund.....	324
Harbors and Inland Waters Maintenance Fund.....	(3,349)
Marine Fisheries Fund.....	(6,981)
Watershed Management Fund.....	(2,525)
Low Level Radioactive Waste Management Fund.....	(432)
Ponkapoag Recreational Fund.....	46
Division of Insurance Fund.....	93
Health Protection Fund.....	51,103
Leo J. Martin Recreational Fund.....	(99)
Clean Air Act Compliance Fund.....	(1,897)
State Building Management Fund.....	4,387
Reggie Lewis Track and Athletic Center Building Fund.....	460
Assisted Living Administrative Fund.....	1,769
Solid Waste Disposal Fund.....	3
Second Century Fund.....	(796)
Safe Drinking Water Fund.....	(105)
Diversity Awareness Education Trust Fund.....	8
Child Care Fund.....	3,551
Transitional Aid to Needy Families Fund..	(5,988)
Social Services Program Fund.....	693
Local Consumer Inspection Fund.....	(574)
Caseload Increase Mitigation Fund.....	31,011
<b>Subtotal - Minor Budgeted Funds.....</b>	<b><u>33,951</u></b>
<b>Capital Fund Transferred to of the Stabilization Fund:</b>	
Capital Needs Investment Trust Fund.....	6,854
<b>Net fund balance / (deficit) transferred to the Stabilization Fund.....</b>	<b><u>\$ 40,805</u></b>
<b>Budgeted Fund Transferred to the General Fund:</b>	
Local Aid Fund.....	(1,802,426)
<b>Net fund balance / (deficit) transferred to the General Fund....</b>	<b><u>\$ (1,802,426)</u></b>

\*Zero balance transfers not shown.

opening of FY05. This project will focus on changing business practices in order to minimize customization to this product.

This strategy will insure the Commonwealth can upgrade to current releases in the future at a reasonable cost. The goal is to keep current with technology in the future and at the same time control the total cost of system ownership. Benefits will accrue directly to the users of the financial system. In addition, this updated technology will allow for the future integration of Commonwealth internet-based applications into “back office” financial systems. The Comptroller, the Information Technology Division and AMS have assigned a highly motivated, highly dedicated team to this project to insure its success.

This year’s general appropriation act challenges all within the government to gain efficiencies. Throughout state government agencies and secretariats are trying new ways to consolidate and streamline operations to gain efficiencies. This must be done without compromising the financial or programmatic integrity of state agencies.

One CFO recently being interviewed by the NewMMARS quality assurance team described the challenges of this fiscal year as the “perfect storm.”

- The economic tightening is reducing staff;
- Fiscal officers are being challenged with reorganizations; and,
- A new financial system is going live.

In this environment, the challenge of maintaining effective controls is greater than ever. We continue to ask each department, at its highest levels, to assess its risks and target controls to manage those risks efficiently and effectively. Toward this end, the Office of the Comptroller, in conjunction with the Office of the State Auditor, has continued a multi-pronged effort to improve controls throughout the Commonwealth.

I again would like to express my thanks to the many dedicated employees within the Office of the State Comptroller. We have had another successful year within the office. Our office has undertaken many tasks this year. We are embarking on the redesign of the state accounting system, MMARS. This will be a significant effort but will provide enduring benefits to the Commonwealth. I am proud to have all the employees of the Comptroller’s Office on my team to help tackle these and other difficult issues of the future.

Respectfully submitted,

Martin J. Benison  
Comptroller of the Commonwealth

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*Lieutenant Governor*

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Timothy P. Cahill  
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Christopher J. Armstrong  
*Chief Justice, Appeals Court*

Robert A. Mulligan  
*Chief Justice for Administration and Management, Trial Court*

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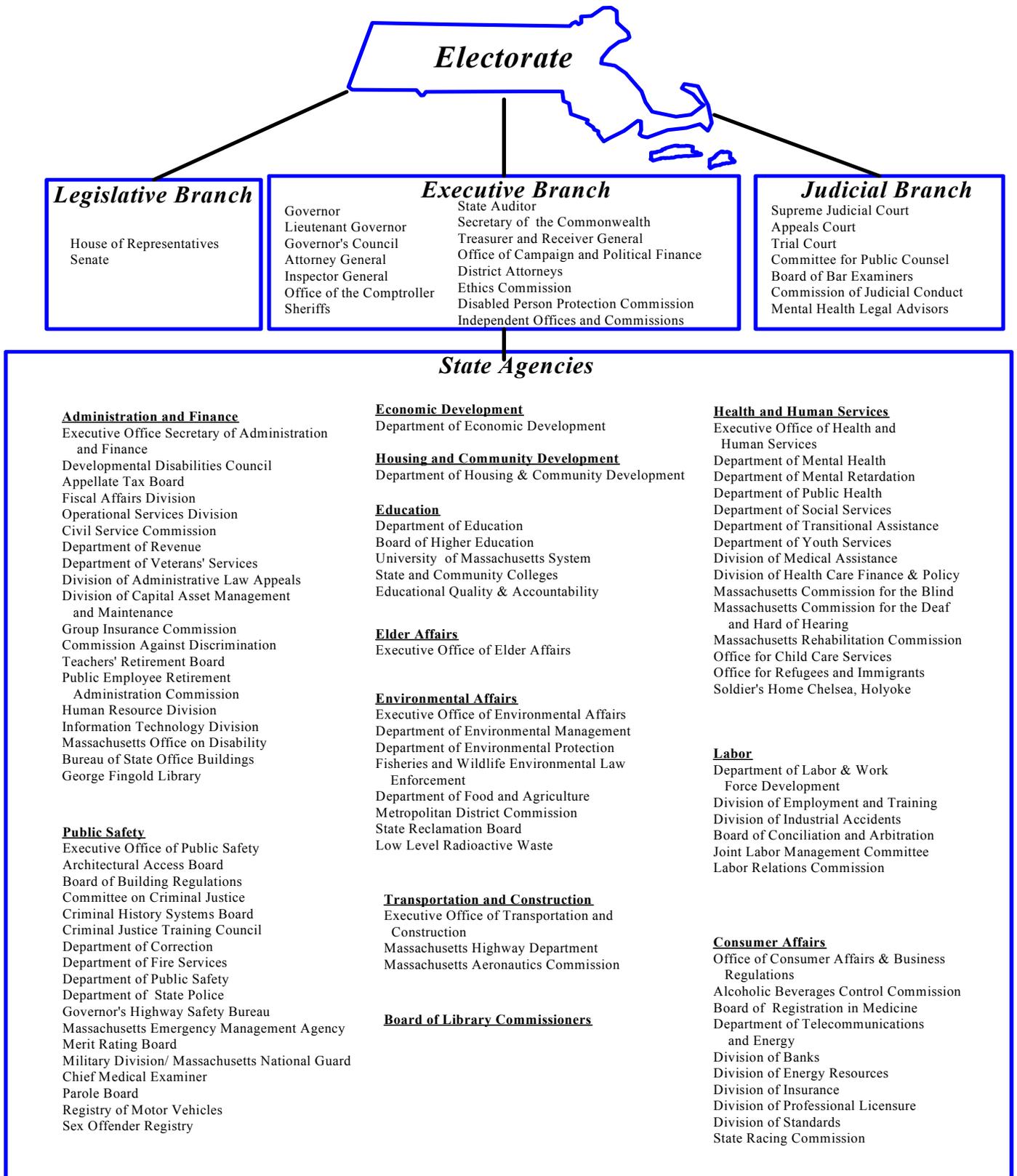
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*Special Projects*

**Accounting Bureau**

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Lauren Johnson  
*Art Direction*  
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*Chief Justice for Administration and Management, Trial Court*

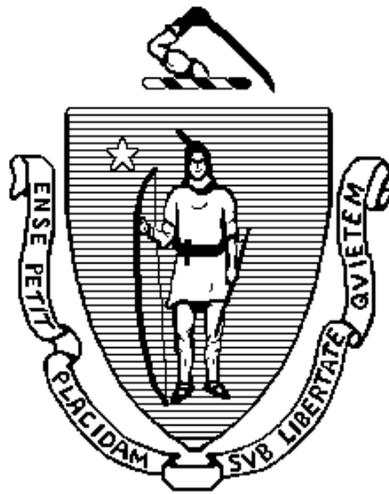
Thomas F. Reilly  
*Attorney General*

Thomas M. Whitney  
*Gubernatorial Appointee*

# *Financial Section*



Independent Auditor's Report  
Combined Financial Statements – Statutory Basis  
Combining and Individual Fund Financial Statements – Statutory Basis



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## **INDEPENDENT AUDITORS' REPORT**

Mr. Martin Benison, Comptroller  
The Commonwealth of Massachusetts

We have audited the accompanying combined financial statements – statutory basis of the Commonwealth of Massachusetts as of and for the year ended June 30, 2003, as listed in the table of contents. These combined financial statements – statutory basis are the responsibility of the management of the Commonwealth of Massachusetts. Our responsibility is to express an opinion on these combined financial statements – statutory basis based on our audit. We did not audit the financial statements of the Pension Reserves Investment Trust, which is the investment vehicle of the Commonwealth of Massachusetts' Pension Trust Funds, the financial statements of which represent 88.8 percent of the assets and 38.7 percent of the revenues of the Fiduciary Fund Type, or the Health Care Security Trust, the financial statements of which represent 33.5 percent of the assets and 5.2 percent of the revenues of the Special Revenue Non-Budgeted Fund Type. Those financial statements were audited by another auditor whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pension Reserve Investment Trust and the Health Care Security Trust, is based solely on the reports of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements – statutory basis are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements – statutory basis. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement – statutory basis presentation. We believe that our audit and the reports of the other auditor provide a reasonable basis for our opinion.

As discussed in Note 2 to the combined financial statements – statutory basis, the Commonwealth of Massachusetts prepares its combined financial statements - statutory basis on a prescribed basis of accounting that demonstrates compliance with General Laws and budgetary principles and funds of the Commonwealth of Massachusetts, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the report of another auditor, such combined financial statements – statutory basis referred to above present fairly, in all material respects, the financial position of the Commonwealth of Massachusetts, as of June 30, 2003, and the results of its operations for the year then ended, on the basis of accounting described in Note 2.

As discussed in Note 2 to the combined financial statements – statutory basis, on June 30, 2003 the Legislature in the fiscal year 2004 general appropriation act redefined consolidated net

surplus to include all budgeted funds. Along with this action, the Legislature closed 51 budgeted, capital projects and trust funds. All of the future activity in these funds will be reported in the General Fund. Several other minor funds were also moved from budgeted funds to non-budgeted funds or trust funds.

Our audit was conducted for the purpose of forming an opinion on the combined financial statements – statutory basis, taken as a whole. The combining and individual fund statements – statutory basis and supplemental information listed in the foregoing table of contents, are presented for the purpose of additional analysis and are not a required part of the combined financial statements – statutory basis of the Commonwealth of Massachusetts. These financial statements and schedules are also the responsibility of the management of the Commonwealth of Massachusetts. Such additional information has been subjected to the auditing procedures applied in our audit of the combined financial statements – statutory basis and, in our opinion, based on our audit of the combined financial statements – statutory basis, is fairly stated in all material respects when considered in relation to the combined financial statements – statutory basis taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report, and accordingly, we express no opinion on such data.

In accordance with Government Auditing Standards, we have also issued our report dated October 24, 2003, on our consideration of the Commonwealth of Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. This report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the use of elected and appointed officials of the Commonwealth of Massachusetts and is not intended to be and should not be used by anyone other than these specified parties.

*Deloitte & Touche LLP*

October 24, 2003

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# *Combined Financial Statements - Statutory Basis*

**All Fund Types And Account Groups**  
**Combined Balance Sheet - Statutory Basis**

June 30, 2003 and 2002  
(Amounts in thousands)

	Governmental Fund Types		
	Budgeted	Non-Budgeted Special Revenue	Capital Projects
<b>ASSETS AND OTHER DEBITS</b>			
Cash and short-term investments.....	\$ 1,995,531	\$ 449,522	\$ 1,121,020
Cash on deposit with U.S. Treasury.....	-	-	-
Cash with fiscal agent.....	26,060	79,748	231,498
Investments.....	-	476,789	-
Assets held in trust.....	-	-	-
Receivables, net of allowance for uncollectibles:			
Due from federal government.....	349,888	429,892	-
Other receivables.....	4,791	44,150	-
Due from cities and towns.....	4,910	-	-
Due from other funds.....	5	-	83,617
Fixed assets:			
Land.....	-	-	-
Buildings.....	-	-	-
Machinery and equipment.....	-	-	-
Construction in progress.....	-	-	-
Amount available for retirement of long-term obligations.....	-	-	-
Amount to be provided for retirement of long-term obligations.....	-	-	-
Other assets.....	-	-	-
Total assets and other debits.....	<u>\$ 2,381,185</u>	<u>\$ 1,480,101</u>	<u>\$ 1,436,135</u>
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>			
Liabilities:			
Deficiency in cash and short-term investments.....	\$ 600,512	\$ 46,347	\$ 265,583
Accounts payable.....	697,143	478,315	319,090
Accrued payroll.....	147,460	9,245	4,356
Agency liabilities.....	-	-	-
Due to federal government.....	-	-	-
Due to cities and towns.....	-	-	-
Due to other funds.....	-	83,622	-
Capital leases.....	-	-	-
Bonds and notes payable.....	-	-	857,100
Bonds refunded but not defeased.....	-	-	-
Total liabilities.....	<u>1,445,115</u>	<u>617,529</u>	<u>1,446,129</u>
Fund equity and other credits:			
Investment in general fixed assets.....	-	-	-
Fund balances (deficit):			
Reserved for:			
Continuing appropriations.....	50,675	-	-
Commonwealth stabilization.....	641,325	-	-
Debt service.....	26,060	79,748	231,498
Employees' pension benefits.....	-	-	-
Unemployment benefits.....	-	-	-
Capital projects.....	-	7,465	945,440
Unreserved:			
Designated for specific purpose.....	-	842,302	-
Undesignated.....	218,010	(66,943)	(1,186,932)
Total fund equity (deficit) and other credits.....	<u>936,070</u>	<u>862,572</u>	<u>(9,994)</u>
Total liabilities fund equity and other credits.....	<u>\$ 2,381,185</u>	<u>\$ 1,480,101</u>	<u>\$ 1,436,135</u>

See notes to combined financial statements - statutory basis.

Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	
	Trust and Agency	General Fixed Assets	General Long-term Obligations	2003
\$ 1,372,182	\$ -	\$ -	\$ 4,938,255	\$ 6,659,568
490,652	-	-	490,652	1,427,582
-	-	-	337,306	343,333
26,994,602	-	-	27,471,391	26,349,610
2,486,834	-	-	2,486,834	2,372,583
-	-	-	779,780	616,089
502,071	-	-	551,012	521,359
-	-	-	4,910	4,135
-	-	-	83,622	66,999
-	755,451	-	755,451	701,358
-	5,626,289	-	5,626,289	5,399,610
-	1,478,645	-	1,478,645	1,412,367
-	365,806	-	365,806	135,495
-	-	337,306	337,306	343,333
-	-	15,790,416	15,790,416	14,794,340
2,707	-	-	2,707	12,982
<u>\$ 31,849,048</u>	<u>\$ 8,226,191</u>	<u>\$ 16,127,722</u>	<u>\$ 61,500,382</u>	<u>\$ 61,160,743</u>
\$ -	\$ -	\$ -	\$ 912,442	\$ 2,060,644
1,433,361	-	-	2,927,909	2,586,396
646	-	-	161,707	148,258
2,708,619	-	-	2,708,619	2,583,669
4	-	-	4	6
27,103	-	-	27,103	34,536
-	-	-	83,622	66,999
-	-	165,216	165,216	182,538
-	-	15,962,506	16,819,606	15,295,060
-	-	-	-	190,075
<u>4,169,733</u>	<u>-</u>	<u>16,127,722</u>	<u>23,806,228</u>	<u>23,148,181</u>
-	8,226,191	-	8,226,191	7,648,830
-	-	-	50,675	168,002
-	-	-	641,325	881,771
-	-	-	337,306	343,333
26,888,096	-	-	26,888,096	26,377,554
490,652	-	-	490,652	1,427,582
-	-	-	952,905	1,043,944
300,567	-	-	1,142,869	1,079,757
-	-	-	(1,035,865)	(958,211)
<u>27,679,315</u>	<u>8,226,191</u>	<u>-</u>	<u>37,694,154</u>	<u>38,012,562</u>
<u>\$ 31,849,048</u>	<u>\$ 8,226,191</u>	<u>\$ 16,127,722</u>	<u>\$ 61,500,382</u>	<u>\$ 61,160,743</u>

**All Governmental Fund Types And Expendable Trust Funds**  
 Combined Statements Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis

Fiscal Years Ended June 30, 2003 and 2002  
 (Amounts in thousands)

	Governmental Fund Types		
	Budgeted	Non-Budgeted Special Revenue	Capital Projects
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Revenues:			
Taxes.....	\$ 14,279,567	\$ 752,775	\$ -
Assessments.....	107,069	526,888	-
Federal grants and reimbursements.....	4,523,648	2,855,445	519
Tobacco settlement revenue.....	-	300,039	-
Departmental.....	1,366,705	4,957,509	402
Payments from authorities.....	-	-	104,914
Miscellaneous.....	138,204	39,374	39,623
Total revenues.....	<u>20,415,193</u>	<u>9,432,030</u>	<u>145,458</u>
Other financing sources:			
Proceeds of general and special obligation bonds.....	-	-	1,911,200
Proceeds of refunding bonds.....	-	-	3,398,240
Fringe benefit cost recovery.....	157,406	-	-
Lottery reimbursements.....	73,222	-	-
Lottery distributions.....	882,197	-	-
Sewer rate relief.....	-	-	-
Caseload increase mitigation transfer.....	5,992	-	-
Transfer in due to debt defeasance.....	-	-	-
Tobacco settlement transfer.....	427,802	42,000	-
Operating transfers in.....	607,548	241,331	118,272
Health care security trust transfer.....	-	215,541	-
Transfer from (to) transitional escrow.....	-	-	-
Stabilization transfer.....	625,673	-	-
Fund consolidation transfer.....	2,102,281	-	-
Capital projects funds year end transfer.....	-	-	-
Federal reimbursement transfer in.....	373	-	507,343
Transfer for tax reduction.....	-	-	-
State share of federal highway construction.....	-	-	166,478
Other sources.....	-	-	-
Total other financing sources.....	<u>4,882,494</u>	<u>498,872</u>	<u>6,101,533</u>
Total revenues and other financing sources.....	<u>25,297,687</u>	<u>9,930,902</u>	<u>6,246,991</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>			
Expenditures:			
Legislature.....	54,873	-	-
Judiciary.....	566,183	3,692	18,887
Inspector General.....	1,826	-	1
Governor and Lieutenant Governor.....	5,453	20	20
Secretary of the Commonwealth.....	36,521	2,491	10,239
Treasurer and Receiver-General.....	103,765	4,297,333	11,700
Auditor of the Commonwealth.....	16,159	-	696
Attorney General.....	32,123	10,985	1,970
Ethics Commission.....	1,263	-	-
District Attorney.....	75,556	3,654	193
Office of Campaign & Political Finance.....	993	-	-
Sheriff's Departments.....	210,715	3,967	938
Disabled Persons Protection Commission.....	1,604	33	172
Board of Library Commissioners.....	3,113	2,931	16,947
Comptroller.....	8,378	2,674	9,859
Administration and finance.....	1,270,972	40,386	517,080
Environmental affairs.....	177,730	44,580	134,202
Communities and development.....	84,861	373,488	109,093
Health and human services.....	4,198,851	1,436,807	15,822
Transportation and construction.....	155,271	8,982	1,679,789
Education.....	327,758	741,952	2,191
Higher education.....	969,037	8,481	24,865
Public safety.....	876,026	105,148	52,702
Economic development.....	26,966	539	3,673
Elder affairs.....	283,569	31,438	-

Fiduciary Fund Type	Totals (Memorandum Only)	
Expendable Trust	2003	2002
\$ 905,821	\$ 15,938,163	\$ 15,203,364
86	634,043	581,948
744,385	8,123,997	7,227,595
-	300,039	304,518
48,265	6,372,881	6,255,618
-	104,914	-
341,002	558,203	644,608
<u>2,039,559</u>	<u>32,032,240</u>	<u>30,217,651</u>
-	1,911,200	1,357,960
-	3,398,240	1,501,415
-	157,406	161,524
-	73,222	87,341
-	882,197	871,136
-	-	58,655
-	5,992	4,878
-	-	34,590
-	469,802	154,728
25,911	993,062	1,044,244
-	215,541	-
-	-	579,215
-	625,673	1,030,000
-	2,102,281	-
-	-	51,369
-	507,716	497,453
-	-	33,605
-	166,478	168,595
334	334	931
<u>26,245</u>	<u>11,509,144</u>	<u>7,637,639</u>
<u>2,065,804</u>	<u>43,541,384</u>	<u>37,855,290</u>
-	54,873	59,342
218	588,980	588,750
-	1,827	2,089
-	5,493	5,542
15	49,266	41,343
815	4,413,613	4,395,035
85	16,940	16,766
1,332	46,410	49,252
-	1,263	1,505
5,658	85,061	91,970
-	993	1,542
9	215,629	217,456
-	1,809	1,990
-	22,991	30,779
-	20,911	11,369
12,796	1,841,234	1,806,156
13,155	369,667	450,524
15,571	583,013	551,386
26,809	5,678,289	5,888,055
452	1,844,494	2,041,936
5,460	1,077,361	1,053,229
9,172	1,011,555	1,093,598
7,690	1,041,566	1,023,419
879	32,057	37,185
52	315,059	304,175

**All Governmental Fund Types And Expendable Trust Funds**  
**Combined Statements Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis**  
**Fiscal Years Ended June 30, 2003 and 2002**  
**(Amounts in thousands)**

	Governmental Fund Types		
	Budgeted	Non-Budgeted Special Revenue	Capital Projects
Expenditures (continued):			
Consumer affairs.....	37,677	15,287	2,064
Labor.....	58,116	217,922	6,077
Direct local aid.....	5,069,377	6,017	-
Medicaid.....	5,485,112	201,391	-
Pension.....	813,469	-	-
Debt service:			
Principal retirement.....	737,692	140	-
Interest and fiscal charges.....	635,717	77,060	16,398
Total expenditures.....	<u>22,326,726</u>	<u>7,637,398</u>	<u>2,635,578</u>
Other financing uses:			
Payments to refunded bond escrow agent.....	-	-	3,398,240
Fringe benefit cost assessment.....	48,290	40,394	21,550
Lottery operating reimbursements.....	-	73,222	-
Lottery distributions.....	-	882,197	-
Federal reimbursement transfer out.....	-	507,716	-
State share of federal highway construction.....	-	-	166,478
Tobacco settlement transfer.....	162,000	307,802	-
Health care quality improvement transfer.....	-	215,541	-
Operating transfers out.....	485,493	260,156	58,583
Sewer rate relief.....	-	-	-
Caseload increase mitigation transfer.....	5,992	-	-
Stabilization transfer.....	625,673	-	-
Capital projects funds year end transfer.....	-	-	-
Transfer for transitional escrow.....	-	-	-
Transfer for capital projects due to debt defeasance.....	-	-	-
Transfer for tax reduction.....	-	-	-
Fund consolidation transfer.....	2,095,427	-	6,854
Total other financing uses.....	<u>3,422,875</u>	<u>2,287,028</u>	<u>3,651,705</u>
Total expenditures and other financing uses.....	<u>25,749,601</u>	<u>9,924,426</u>	<u>6,287,283</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(451,914)	6,476	(40,292)
Fund balances (deficit) at beginning of year.....	1,387,984	856,096	30,298
Fund balances (deficit) at end of year.....	<u>\$ 936,070</u>	<u>\$ 862,572</u>	<u>\$ (9,994)</u>

See notes to combined financial statements - statutory basis.

Fiduciary Fund Type	Totals (Memorandum Only)	
Expendable Trust	2003	2002
2,001	57,029	63,617
2,694,997	2,977,112	2,407,817
-	5,075,394	5,195,095
-	5,686,503	5,259,275
-	813,469	795,782
-	737,832	692,340
-	729,175	689,808
<u>2,797,166</u>	<u>35,396,868</u>	<u>34,868,127</u>
-	3,398,240	1,276,562
4,218	114,452	110,667
-	73,222	87,341
-	882,197	871,136
-	507,716	497,453
-	166,478	168,595
-	469,802	154,728
-	215,541	-
185,001	989,233	1,039,417
-	-	58,655
-	5,992	4,878
-	625,673	1,030,000
-	-	51,369
-	-	579,215
-	-	34,590
-	-	33,605
-	2,102,281	-
<u>189,219</u>	<u>9,550,827</u>	<u>5,998,211</u>
<u>2,986,385</u>	<u>44,947,695</u>	<u>40,866,338</u>
(920,581)	(1,406,311)	(3,011,048)
<u>1,705,966</u>	<u>3,980,344</u>	<u>6,991,392</u>
<u>\$ 785,385</u>	<u>\$ 2,574,033</u>	<u>\$ 3,980,344</u>

## Budgeted Funds

### Combined Statements Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis - Budget and Actual

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Revenues:			
Taxes.....	\$ 14,571,740	\$ 14,279,567	\$ (292,173)
Assessments.....	2,108	107,069	104,961
Federal grants and reimbursements.....	4,673,020	4,523,648	(149,372)
Departmental.....	1,612,546	1,366,705	(245,841)
Miscellaneous.....	69,446	138,204	68,758
<b>Total revenues.....</b>	<b>20,928,860</b>	<b>20,415,193</b>	<b>(513,667)</b>
Other financing sources:			
Fringe benefit cost recovery.....	-	157,406	157,406
Lottery reimbursements.....	85,706	73,222	(12,484)
Lottery distributions.....	857,710	882,197	24,487
Caseload increase mitigation transfer.....	-	5,992	5,992
Tobacco settlement transfer.....	420,000	427,802	7,802
Operating transfers in.....	150,882	607,548	456,666
Transfer from transitional escrow.....	-	-	-
Stabilization transfer.....	550,000	625,673	75,673
Fund consolidation transfer.....	-	2,102,281	2,102,281
Capital projects funds year end transfer.....	-	-	-
Federal reimbursement transfer in.....	-	373	373
Transfer for tax reduction.....	-	-	-
<b>Total other financing sources.....</b>	<b>2,064,298</b>	<b>4,882,494</b>	<b>2,818,196</b>
<b>Total revenues and other financing sources.....</b>	<b>22,993,158</b>	<b>25,297,687</b>	<b>2,304,529</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>			
Expenditures:			
Legislature.....	69,118	54,873	14,245
Judiciary.....	572,728	566,183	6,545
Inspector General.....	1,829	1,826	3
Governor and Lieutenant Governor.....	5,661	5,453	208
Secretary of the Commonwealth.....	36,712	36,521	191
Treasurer and Receiver-General.....	105,914	103,765	2,149
Auditor of the Commonwealth.....	16,170	16,159	11
Attorney General.....	33,315	32,123	1,192
Ethics Commission.....	1,263	1,263	-
District Attorney.....	76,104	75,556	548
Office of Campaign & Political Finance.....	996	993	3
Sheriff's Departments.....	212,023	210,715	1,308
Disabled Persons Protection Commission.....	1,660	1,604	56
Board of Library Commissioners.....	3,347	3,113	234
Comptroller.....	8,414	8,378	36
Administration and finance.....	1,394,513	1,270,972	123,541
Environmental affairs.....	194,898	177,730	17,168
Communities and development.....	97,776	84,861	12,915
Health and human services.....	4,331,606	4,198,851	132,755
Transportation and construction.....	164,833	155,271	9,562
Education.....	385,418	327,758	57,660
Higher education.....	994,957	969,037	25,920
Public safety.....	892,383	876,026	16,357
Economic development.....	35,418	26,966	8,452
Elder affairs.....	296,996	283,569	13,427
Consumer affairs.....	40,115	37,677	2,438
Labor.....	85,856	58,116	27,740
Direct local aid.....	5,184,610	5,069,377	115,233
Medicaid.....	5,506,569	5,485,112	21,457
Pension.....	813,549	813,469	80
Debt service:			
Principal retirement.....	747,825	737,692	10,133
Interest and fiscal charges.....	669,896	635,717	34,179
<b>Total expenditures.....</b>	<b>22,982,472</b>	<b>22,326,726</b>	<b>655,746</b>
Other financing uses:			
Fringe benefit cost assessment.....	-	48,290	(48,290)
Operating transfers out.....	485,493	485,493	-
Tobacco settlement transfer.....	162,000	162,000	-
Sewer rate relief.....	-	-	-
Caseload increase mitigation transfer.....	5,992	5,992	-
Stabilization transfer.....	550,000	625,673	(75,673)
Transfer for transitional escrow.....	-	-	-
Transfer for capital projects due to debt defeasance.....	-	-	-
Transfer for tax reduction.....	-	-	-
Fund consolidation transfer.....	-	2,095,427	(2,095,427)
<b>Total other financing uses.....</b>	<b>1,203,485</b>	<b>3,422,875</b>	<b>(2,219,390)</b>
<b>Total expenditures and other financing uses.....</b>	<b>24,185,957</b>	<b>25,749,601</b>	<b>(1,563,644)</b>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(1,192,799)	(451,914)	740,885
Fund balances (deficit) at beginning of year.....	1,387,984	1,387,984	-
<b>Fund balances (deficit) at end of year.....</b>	<b>\$ 195,185</b>	<b>\$ 936,070</b>	<b>\$ 740,885</b>

See notes to combined financial statements - statutory basis.

## Nonexpendable Trust Fund

### Statement Of Revenues, Expenses And Changes In Fund Balances - Statutory Basis

Fiscal Years Ended June 30, 2003 and 2002  
(Amounts in thousands)

	2003	2002
<b>REVENUES</b>		
Revenues:		
Investment earnings.....	\$ -	\$ -
Total revenues.....	-	-
<b>EXPENSES</b>		
Expenses:		
Treasurer and Receiver-General.....	-	-
Total expenses.....	-	-
Excess (deficiency) of revenues over expenses.....	-	-
Fund balances at beginning of year.....	5,834	5,834
Fund balances at end of year.....	\$ 5,834	\$ 5,834

See notes to combined financial statements - statutory basis.

## Pension Trust Funds

### Combined Statements of Changes in Net Assets Available for Pension Benefits - Statutory Basis

Fiscal Years Ended June 30, 2003 and 2002  
(Amounts in thousands)

	2003	2002
Additions:		
Contributions:		
Commonwealth contributions.....	\$ 762,685	\$ 736,086
Employees contributions.....	853,344	855,720
Total contributions.....	1,616,029	1,591,806
Net investment (loss) income:		
Net appreciation (depreciation) in fair value of investments.....	159,876	(2,749,964)
Interest.....	377,591	481,033
Dividends.....	286,894	224,653
Real estate operating income, net.....	129,312	135,768
Alternative investments.....	5,855	7,092
Other.....	11,807	10,427
Total investment (loss) income.....	971,335	(1,890,991)
Less: investment expense.....	59,258	67,636
Net investment (loss) income.....	912,077	(1,958,627)
Total additions.....	2,528,106	(366,821)
Deductions:		
Administration reimbursement.....	13,520	13,285
Retirement benefits and refunds.....	2,004,044	1,751,261
Total deductions.....	2,017,564	1,764,546
Net (decrease) increase .....	510,542	(2,131,367)
Net assets available for pension benefits at beginning of year (fund balances reserved for employees' pension benefits).....	26,377,554	28,508,921
Net assets available for pension benefits at end of year (fund balances reserved for employees' pension benefits).....	\$ 26,888,096	\$ 26,377,554

See notes to combined financial statements - statutory basis.

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**1. FINANCIAL STATEMENT PRESENTATION**

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**A. Introduction**

The accompanying combined financial statements (Statutory Basis Financial Report) of the Commonwealth of Massachusetts (the Commonwealth) are presented in accordance with the requirements of Section 12 of Chapter 7A as amended by Section 4 of Chapter 88 of the Acts of 1997 of the Massachusetts General Laws. The Office of the Comptroller also publishes the Commonwealth's Comprehensive Annual Financial Report (CAFR) which is prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for governments. GAAP is prescribed by the Governmental Accounting Standards Board (GASB), the authoritative standard-setting body for establishing governmental accounting and financial reporting principles.

The Statutory Basis Financial Report (SBFR) includes all the budgeted and non-budgeted funds and account groups of the Commonwealth, as recorded by the Office of the Comptroller in compliance with Massachusetts General Laws and in accordance with the Commonwealth's budgetary principles.

The Statutory Basis Financial Report's General Purpose Financial Statements are not intended to include independent authorities, non-appropriated funds of higher education or other organizations included in the Commonwealth's reporting entity as it would be defined under GAAP.

**B. Statutory Basis**

The Commonwealth reports its statutory basis financial position and results of operations in funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures/expenses. Transactions between funds within a fund type, if any, have not been eliminated.

Account groups are accounting entities used to provide accountability for the Commonwealth's general fixed assets and long-term obligations. They are not considered funds because they do not report expendable available financial resources and related liabilities.

**C. Governmental Fund Types**

The Fund types and account groups are organized as follows:

Governmental Fund Types account for the general governmental activities of the Commonwealth.

*Budgeted Funds* – are the primary operating funds of the Commonwealth. They account for all budgeted governmental transactions. Major budgeted funds include the General, Highway and Local Aid funds which are identified by the Comptroller as the operating funds of the Commonwealth.

*Non-Budgeted Special Revenue Funds* – are established by law to account for specific revenue sources that have been segregated from the budgeted funds to support specific governmental activities such as federal grants, funds related to the tobacco settlement and the operations of the state lottery.

*Capital Projects Funds* – account for financial resources used to acquire or construct major capital assets and to finance local capital projects. These

resources are derived from proceeds of bonds and other obligations, which are generally received after related expenditures have incurred, operating transfers authorized by the Legislature and from federal reimbursements. Deficit balances in Capital Projects Funds represent amounts to be financed.

**D. *Fiduciary Fund Types***

Fiduciary Funds account for assets held by the Commonwealth in a trustee capacity (Trust Funds), or as an agent (Agency Funds) for individuals, private organizations, other governmental units, and/or other funds.

*Expendable Trust Funds* – account for trusts whose principal and investment income may be expended for a designated purpose.

*Nonexpendable Trust Funds* – account for trusts whose principal cannot be spent.

*Pension Trust Funds* – account for the net assets available for plan benefits held in trust for the State Employees' and Teachers' Retirement Systems.

*Agency Funds* – account for assets the Commonwealth holds on behalf of others. Agency Funds are custodial in nature and do not involve measurement of operations.

**E. *Account Groups***

Account Groups establish control and accountability over the Commonwealth's general fixed assets and long-term obligations.

*General Fixed Assets Account Group* – accounts for the general fixed assets of the Commonwealth and capital leases.

*General Long-term Obligations Account Group* – accounts for long-term bonds and notes issued by the Commonwealth and capital leases.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. *Statutory Basis of Accounting***

The Statutory Basis Financial Report is prepared from the Commonwealth's books and records and other official reports which are maintained on the basis of accounting used in the preparation of the Commonwealth's legally adopted annual budget (statutory basis). The statutory basis emphasizes accountability and budgetary control of appropriations. The Statutory Basis Financial Report is not intended to present the Commonwealth's financial condition and results of operations in conformity with GAAP. Under GAAP, the books are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting.

Under the statutory basis of accounting, revenues are generally recognized when cash deposits are received by the Treasury. However, revenues receivable for federal grants and reimbursements are recognized when related expenditures are incurred. Amounts due from political subdivisions of the Commonwealth are recognized when considered measurable and available. Deeds excise taxes are recognized at the time of collection by the counties and the Commonwealth.

Under the statutory basis of accounting, expenditures are generally recorded when the related cash disbursement occurs. At year-end, payroll is accrued and payables are recognized, to the extent of approved encumbrances, for goods or services received by June 30. Costs incurred under the federally-sponsored Medicaid program, amounts required to settle claims and judgments against the Commonwealth, and certain other liabilities are not recognized until they are encumbered or otherwise processed for payment. Under GAAP, expenditures are recorded in the period in which the related fund liability is incurred.

The Pension Trust Funds are reported using a flow of economic resources measurement focus and the accrual basis of accounting on both the statutory and GAAP basis. Under this method, additions are recorded when earned and deductions are recorded at the time liabilities are incurred. This measurement focus emphasizes the determination of net change in assets available for pension benefits.

The accounting policies followed in preparing the accompanying statutory basis financial report are described in the remainder of this section.

**B. *Cash, Short-term Investments and Investments***

The Commonwealth follows the practice of pooling the cash and cash equivalents of its Governmental and Fiduciary Funds. Cash equivalents consist of short-term investments with an original maturity of three months or less and are stated at cost. Interest earned on pooled cash is allocated to the General Fund, Expendable Trust Funds and, when so directed by law, to certain Special Revenue and Capital Projects Funds.

The Commonwealth enters into interest rate swap agreements to modify interest rates on outstanding debt. Other than the net interest expenditures resulting from these agreements no amounts are recorded in the financial statements.

The Pension Trust Funds, with investments of approximately \$26,994,602,000 at fair value, are permitted to make investments in equity securities, fixed income securities, real estate, timber and other alternative investments. For investments traded in an active market, the fair value of the investment will be its market price. The Pension Trust Funds include investments in real estate, venture capital funds, real estate funds, limited partnerships, futures pools, international hedge pools, commodities pools, balanced pools, leveraged buyouts, private placements and other alternative investments. The structure, risk profile, return potential and marketability differ from traditional equity and fixed income investments. Concentration of credit risk exists if a number of companies in which the fund has invested are engaged in similar activities and have similar economic characteristics that could cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. To mitigate the exposure to concentrations of risk, the Pension Trust Funds invest in a variety of industries located in diverse geographic areas. As of June 30, 2003, the estimated fair values, determined by management with input from the investment managers, of these real estate and alternative investments were \$4,093,922,000 of the Pension Trust Funds, representing 8.0% of the total assets of the Fiduciary Fund Type.

**C. *Securities Lending Program***

The Pension Trust Funds participate in securities lending programs. Under these programs, the Trusts receive a fee for allowing brokerage firms to borrow certain securities for a predetermined period of time, securing such loans with cash or collateral typically equaling 102% to 105% of the fair value of the security borrowed. The collateral securities cannot be pledged or sold by

Pension Reserve Investment Trust (PRIT) unless the lending agent(s) default. The lending agents are required to indemnify PRIT in the event that they fail to return the securities on loan (and if the collateral is inadequate to replace the securities on loan) or if the lending agents fail to perform their obligations as stipulated in the agreements. There were no losses during the years end June 30, 2003 and 2002 resulting from default of the lending agents. At June 30, 2003, the fair value of the securities on loan from PRIT was approximately \$2,000,097,000. The fair value of the collateral held by PRIT amounted to \$2,064,954,000 at June 30, 2003, of which \$408,000,000 was cash.

**D. *Receivables***

Receivables are stated net of estimated allowances for uncollectible accounts. Reimbursements due to the Commonwealth for its expenditures on federally funded reimbursement and grant programs are reported as "Due from federal government."

**E. *Due from Cities and Towns***

Represents reimbursement due to the Commonwealth for its expenditures on certain programs for the benefit of cities and towns.

**F. *Dedicated Revenue***

The Commonwealth has various streams of dedicated revenues reflected in non-budgeted fund activity. Approximately \$1.9 billion in revenues from federal grants passed through the Federal Grants Fund representing the greatest source of dedicated revenues. The largest pledge of tax revenues apportions a "dedicated sales tax" amounting to 1% of applicable sales in the Commonwealth directly to the Massachusetts Bay Transportation Authority (MBTA). Total dedicated sales tax revenue directed to the MBTA in FY03 was approximately \$684,281,000. Other major dedicated tax revenue streams include surcharges from areas contiguous to convention centers to support such centers' operations, motor fuels taxes to support highway construction, repairs and maintenance and cigarette taxation to support health and human service costs.

**G. *Inventories***

The costs of materials and supplies are recorded as expenditures in Governmental Funds when purchased. Such inventories are not material in total to the financial statements and therefore are not presented.

**H. *General Fixed Assets***

General fixed asset acquisitions are recorded as expenditures in the acquiring fund and capitalized in the General Fixed Assets Account Group in the year purchased. General fixed assets are recorded at historical cost, or at estimated historical cost if actual historical cost is not available. Donated fixed assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized.

The Commonwealth capitalizes all land except land associated with infrastructure. It capitalizes buildings and equipment, including computer software, with a cost in excess of \$100,000 and \$50,000 respectively at the date of acquisition and with an expected useful life greater than one year. Public domain general fixed assets and infrastructure (roads, bridges, tunnels, dams, water and sewer systems, etc.) are not capitalized. Interest incurred during construction is not material and is not capitalized. No depreciation is provided on general fixed assets for FY03.

**I. *Interfund / Intrafund Transactions***

During the course of its operations, the Commonwealth records transactions between funds and/or between departments. On the statutory basis, transactions between Governmental and Fiduciary Fund Types are recorded as adjustments to the funds' cash accounts. As a result, a fund may report a deficiency in cash and short-term investments.

Transactions of a buyer/seller nature between departments within a fund are not eliminated.

Transfers in and out net to approximately \$3,829,000 due to higher education non-appropriated fund activity, which is not included in the combined statements – statutory basis.

**J. *Risk Management***

The Commonwealth does not insure for state employees workers' compensation, casualty, theft, tort claims and other losses. Such liabilities are not recognized on the statutory basis until encumbered and/or processed for payment. For employees workers' compensation, the Commonwealth assumes the full risk of claims filed under a program managed by the Human Resources Division. For personal injury or property damages, Chapter 258 of the Massachusetts General Laws (General Laws) limits the risk assumed by the Commonwealth to \$100,000 per occurrence, in most circumstances. The Group Insurance Commission administers contributory health care and other insurance programs for the Commonwealth's employees and retirees.

The Commonwealth has entered into agreements for insurance for Central Artery/Tunnel Project workers' compensation and certain other claims that may arise in the course of the Project. This special arrangement has been approved by the Federal Highway Administration as a cost-effective method to fund current and potential future claims by contractors, workers, and other parties affected by the project. Pursuant to the agreement, the Commonwealth conveys a sum of money to an agent each month. This amount includes both federal and state share. The agent manages and settles all claims. At the conclusion of the program, the balance remaining, if any, will be returned to the Commonwealth and the federal government. The monthly amount conveyed to an agent is accounted for (on the statutory basis of accounting) as an expenditure in the Federal Highway Capital Projects Fund.

**K. *Encumbrances***

Encumbrance accounting is utilized in the Governmental Fund Types as a significant aspect of budgetary control. The full amounts of purchase orders, contracts and other commitments of appropriated resources are encumbered and recorded as deductions from appropriations prior to actual expenditure, ensuring that such commitments do not exceed appropriations. Encumbrances outstanding at year-end for goods or services received on or before June 30 are reported as expenditures and statutory basis liabilities as a component of accounts payable.

**L. *Fringe Benefit Cost Recovery***

The Commonwealth appropriates and pays the fringe benefit costs of its employees and retirees through the General Fund. These fringe benefits include the costs of employees' health insurance, pensions, unemployment compensation, and other costs necessary to support the state work force. As directed by Chapter 29, Sections 5D and 6B(f) of the Massachusetts General Laws, these costs are assessed to other funds based on their payroll costs, net of credits for direct payments. Since these fringe benefit costs are not appropriated

in the budget, the required assessment creates a variance between budget and actual expenditures at year-end. The fringe benefit cost recoveries of \$157,406,000 in the budgeted funds result from costs assessments of \$114,452,000 in the governmental fund types and the expendable trust funds. The remainder of \$42,954,000 is assessed to the higher education non-appropriated activity, which is not included in the statutory basis financial report.

**M. *School Construction Grants***

The Commonwealth, through legislation, is committed to reimburse certain cities, towns and regional school districts for a portion of their debt service costs for school construction and renovation. These costs are recorded as expenditures when paid.

**N. *Compensated Absences***

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements and state laws. Upon retirement, termination or death, certain employees are compensated for unused vacation and sick leave (subject to certain limitations) at their then-current rate of pay. Vacation and sick leave are recorded as expenditures when paid.

**O. *Lottery Revenue and Prizes***

Ticket revenues are recognized when sold and prizes awarded by the Massachusetts Lottery Commission are recognized as drawings are held.

**P. *Fund Balances***

The Commonwealth reports fund balances as reserved where legally restricted for a specific future use. Otherwise, these balances are considered unreserved.

Fund balance has been reserved as follows:

“Reserved for continuing appropriations” – are unexpended amounts in appropriations, which the Legislature has specifically authorized to be carried into the next FY.

“Reserved for Commonwealth stabilization” – are amounts set aside in the Commonwealth Stabilization Fund in accordance with 5C of Chapter 29 of Massachusetts General Laws.

“Reserved for debt service” – are amounts held by fiscal agents or the Commonwealth to fund future debt service obligations.

“Reserved for employees’ pension benefits” – are the net assets of the Commonwealth’s public employee retirement systems which cannot be used for any other purpose.

“Reserved for unemployment benefits” – are amounts reserved for payment of unemployment compensation.

“Reserved for capital projects” - are amounts reserved for capital projects.

Unreserved fund balance is segregated into two components:

“Designated for specific purpose” – are all unreserved fund balances for which the Legislature or Executive Branch has evidenced an intention to restrict for a specific purpose.

“Undesignated” – consists of cumulative surpluses or deficits of the Governmental Fund Types not otherwise designated.

**Q. *Reclassification***

Certain reclassifications have been made to the FY 2002 account balances to conform to the presentation used in FY03.

**3. BUDGETARY CONTROL**

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State finance law requires that a balanced budget be approved by the Governor and the Legislature. The Governor presents an annual budget to the Legislature which includes estimates of revenues and other financing sources and recommended expenditures and other financing uses. The Legislature, which has full authority to amend the budget, adopts an expenditure budget by appropriating monies at the individual appropriation account level in an annual appropriations act.

Before signing the appropriations act, the Governor may veto or reduce any specific item, subject to legislative override. Further changes to the budget established in the annual appropriations act may be made via supplemental appropriations acts or other legislative acts. These must also be signed by the Governor and are subject to the line item veto.

In addition, Massachusetts General Laws authorize the Secretary of Administration and Finance, with the approval of the Governor, upon determination that available revenues will be insufficient to meet authorized expenditures, to withhold allotments of appropriated funds which effectively reduce the account's expenditure budget.

The majority of the Commonwealth's appropriations are non-continuing accounts which lapse at the end of each fiscal year. Others are continuing accounts for which the Legislature has authorized that an unspent balance from the prior year be carried forward and made available for spending in the current fiscal year. In addition, the Legislature may direct that certain revenues be retained and made available for spending within an appropriation. Fringe benefits and other costs which are mandated by state finance law are not itemized in the appropriation process and are not separately budgeted.

Because revenue budgets are not updated subsequent to the original appropriation act, the comparison of the initial revenue budget to the subsequent, and often modified, expenditure budget can be misleading. Also, these financial statements portray fund accounting with gross inflows and outflows, thus creating a discrepancy to separately published budget documents. In conducting the budget process, the Commonwealth excludes those interfund transactions that by their nature have no impact on the combined fund balance of the budgeted funds.

Generally, expenditures may not exceed the level of spending authorized for an appropriation account. However, the Commonwealth is statutorily required to pay debt service, regardless of whether such amounts are appropriated.

During FY03, the Commonwealth experienced a continued downturn in certain budgeted revenues. The revenue estimates, under the provisions of section 5D of Chapter 29 of the General Laws, were determined to be insufficient to meet all of the expenditures authorized for FY03. Therefore, in accordance with section 9C of said Chapter 29, the Secretary for Administration and Finance notified the Governor and the House and Senate Committees on Ways and

Means of the amount of the probable deficiency of revenue. In accordance with the Governor’s authority under said section 9C, the Governor reduced allotments under section 9B of said Chapter 29. The amount of this reduction was proposed to be \$419,934,000. However, the Legislature enacted Section 74 of Chapter 4 of the Acts of 2003, which directed the Comptroller to transfer the amount of reductions proposed to the General Fund that would not cause a fund to go into deficit. The amount so transferred was \$73,914,000. Furthermore, the FY04 General Appropriation Act (Chapter 26, Section 167 of the Acts of 2003), amended section 9C, directing the Governor to notify the Legislature in writing as to the reasons for and the effect of any reductions. Alternatively, the Governor may propose specific additional revenues to equal the deficiency. The Governor may also propose to transfer funds from the Stabilization Fund to cure such deficiency. This proposal must be delivered to the Legislature 15 days before any reductions take effect.

The following table summarizes budgetary activity for FY03 (amounts in thousands):

	<u>Revenues</u>	<u>Expenditures</u>
General Appropriation Act, Chapter 184 of the Acts of 2002:		
Direct appropriations.....	\$ 21,680,409	\$ 21,684,096
Estimated revenues, transfers, direct appropriations retained revenue appropriations, interagency chargebacks and appropriations carried forward from FY2002 .....	<u>1,312,749</u>	<u>1,312,749</u>
Total Original Budget.....	<u>\$ 22,993,158</u>	<u>\$ 22,996,845</u>
Supplemental Acts of 2002:		
Chapter 300 .....	-	2,781
Chapter 429.....	-	300
Supplemental Acts of 2003:		
Chapter 4.....	-	8,463
Chapter 6.....	-	62,338
Chapter 12.....	-	2,000
Total Before June 30, 2003 .....	<u>\$ 22,993,158</u>	<u>\$ 23,072,727</u>
Supplemental Acts of 2003, passed after June 30, but for FY03:		
Chapter 55 .....	<u>-</u>	<u>25,138</u>
Total Budgeted Revenues and Expenditures per Legislative Action .....	<u>\$ 22,993,158</u>	<u>\$ 23,097,865</u>
Plus: Transfers of Revenues and Expenditures (including rounding).....	<u>-</u>	<u>1,088,092</u>
Budgeted Revenues and Expenditures as Reported.....	<u><u>\$ 22,993,158</u></u>	<u><u>\$ 24,185,957</u></u>

The following table identifies the interfund activity from budgeted sources and uses to reconcile forecasts prepared during the budget process to the results presented in these statements: (amounts in thousands)

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
Actual as presented in the combined budget and actual statement - statutory basis.....	\$ 25,297,687	\$ 25,749,601
Adjustments to revenues and expenditures		
Transfer to the Intragovernmental Service Fund Revenues.....	(117,223)	(117,223)
Adjustments to other financing sources and uses:		
Fringe benefit cost assessments.....	(48,290)	(48,290)
Year-end Stabilization Transfer.....	(75,673)	(75,673)
Transfer from the Intragovernmental Service Fund to the General Fund.....	(2,661)	(2,661)
Transfer from the Revenue Maximization Fund to the General Fund.....	(1,259)	(1,259)
RMV License Plates.....	(2,222)	(2,222)
Transfer from the General Fund to the Children's and Seniors' Health Fund.....	(27,714)	(27,714)
Stabilization transfers to the General Fund.....	(550,000)	(550,000)
Transfer from the RatePayer Parity Fund to the General Fund.....	(31,859)	(31,859)
Transfer from the Massachusetts Clean Elections Fund to the General Fund.....	(23,129)	(23,129)
Transfer from the Tobacco Settlement Fund to the Children's & Seniors' Health Fund.....	(120,000)	(120,000)
Transfer from the Workforce Training Fund to the General Fund.....	(12,000)	(12,000)
Transfer from the Health Protection Fund to the General Fund.....	(6,500)	(6,500)
Transfer from the Caseload Increase Mitigation Fund to the General Fund.....	(6,500)	(6,500)
Transfers per MGL Chapter 29, Section 9C to the General Fund, as adjusted by provisions of Chapter 4 of the Acts of 2003, Section 74.....	(73,914)	(73,914)
Retroactive Transfer of Trusts pursuant to Chapter 4 Section 76.....	(110,074)	(110,074)
Fund Consolidation Transfers - Local Aid Fund.....	(1,802,426)	(1,802,426)
Fund Consolidation Transfers - Minor Budgeted Funds.....	(293,001)	(293,001)
Transfer to Caseload Mitigation Increase Fund.....	(5,992)	(5,992)
Other.....	(82)	(82)
Actual as presented on budgetary documents.....	<u>\$ 21,987,168</u>	<u>\$ 22,439,082</u>

The section divider for the budgeted funds contains a list of budgeted funds grouped by categories.

The Office of the Comptroller has the responsibility to ensure that budgetary control is maintained on an individual appropriation account basis. Budgetary control is exercised through the state accounting system, Massachusetts Management Accounting and Reporting System (MMARS). Encumbrances and expenditures are not allowed to exceed the appropriation account's spending authorization.

The FY02 General Appropriation Act adjusted the calculation of permissible tax revenues under Massachusetts General Laws Chapter 62F. Effective on July 1, 2003, the Commissioner of Revenue must calculate the difference between cumulative net state tax revenues and cumulative permissible tax revenues on a quarterly basis instead of on an annual basis. For any quarter in which cumulative net state tax revenues exceed permissible tax revenues as certified by the Commissions of Revenue, the Comptroller will transfer this excess from the General Fund to a temporary holding fund contained within the Stabilization Fund. The FY04 General Appropriation Act amended this language to say that in any year when the Stabilization Fund is required to pay current expenses of the Commonwealth, any balance within the temporary holding fund contained within the Stabilization Fund will reimburse the Stabilization Fund. Any funds remaining in the temporary holding fund at the end of the fiscal year are to be transferred to the General Fund and include as part of the calculation of consolidated net surplus.

Also as part of the FY04 General Appropriation Act, the Legislature redefined consolidated net surplus to include all budgeted funds. Along with this action, the Legislature closed 51 budgeted, capital projects and trust funds. All of the future activity in these funds will be reported in the General Fund. Several other minor funds were also moved from budgeted funds to non-budgeted funds or trust funds.

**4. DEPOSITS AND INVESTMENTS**

The Commonwealth maintains a cash and short-term investment pool that is available for use by all funds. Each fund type’s net equity in this pool is displayed on the combined balance sheet as either “Cash and short-term investments” or “Deficiency in cash and short-term investments.” The investments of the Pension Trust Funds are held in a trust.

The Office of the Treasurer and Receiver-General (Treasury) manages the Commonwealth’s short-term investment pool. Statutes authorize investment in obligations of the U.S. Treasury, authorized bonds of all states, banker’s acceptances, certificates of deposit, commercial paper rated within the three highest classifications established by Standard & Poor’s Corporation and Moody’s Commercial Paper Record and repurchase agreements that any of these obligations secure. Such investments are carried at cost, which approximates fair value.

The pooled cash and short-term investments at June 30, 2003 are as follows (amounts in thousands):

	<u>Carrying Value</u>
Cash and Certificates of deposit.....	\$ 1,275,627
Short-term investments:	
Short-term investment pool.....	2,532,097
Repurchase agreements and other.....	219
Money market investments.....	740,618
Commercial Paper.....	151,865
Total.....	<u>\$ 4,700,426</u>

Pooled cash and short-term investments include the following:

Cash and short-term investments.....	\$ 4,938,255
Cash with fiscal agent.....	337,306
Cash on Deposit with U. S. Treasury.....	490,652
Deficiency in cash and short-term investments.....	<u>(912,442)</u>
Total.....	<u>\$ 4,853,771</u>

The Pension Trust Funds have invested a significant portion of their portfolios into a trust, which pools assets for investment purposes and allocates returns on these investments in proportion to each fund’s share of the pool. The fund includes money held on behalf of other governments.

The investments are carried at fair value. At June 30, 2003, they are as follows (amounts in thousands):

On behalf of the Health Care Security Trust Fund, the Pension Reserve Management Board has invested a significant portion of their portfolio into a

	<u>Amount</u>
Investments:	
Equity securities.....	\$ 11,440,582
International investments.....	6,046,366
U.S. government and government agency securities.....	2,094,776
Fixed income securities.....	4,421,751
Real estate.....	1,895,280
Alternative investments.....	<u>2,198,642</u>
Total.....	<u>\$ 28,097,397</u>

trust, which pools assets for investment purposes and allocates returns on these investments in proportion to the fund’s share of the pool.

The investments are carried at fair value. At June 30, 2003, they are as follows (amounts in thousands):

	<u>Amount</u>
Investments:	
Equity securities.....	\$ 252,252
U.S. government and government agency securities.....	40,594
International investments.....	71,055
Fixed income securities.....	101,525
Alternative investments.....	88
Real estate.....	<u>11,274</u>
Total.....	<u>\$ 476,789</u>

**A. Financial Instruments with Off-Balance Sheet Risk**

Certain investments of the Commonwealth may involve a degree of risk not accounted for on the respective financial statements. A description of such “off-balance sheet risks” are as follows:

*Forward Currency Contracts*

The Pension Trust Funds enter into forward currency contracts to hedge the exposure to change in foreign currency exchange rates on foreign portfolio holdings. The market value of the contract will fluctuate with changes in currency exchange rates. Risks may arise upon entering these contracts from the potential inability of counterparties to meet the terms of their contracts and from unanticipated movements in the value of a foreign currency relative to the U.S. dollar.

When the contract is closed, the Pension Trust Funds record a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. Fluctuations in the value of forward currency contracts are recorded as unrealized gains or losses by the Pension Trust Funds.

*Futures Contracts*

The Pension Trust Funds may purchase and sell financial futures contracts to hedge against changes in the values of securities the fund owns or expects to purchase. Upon entering such contracts, they must pledge to the broker an amount of cash or securities equal to a percentage of the contract amount.

The potential risk is that the change in the value of futures contracts primarily corresponds with the value of underlying instruments, which may correspond to the change in value of the hedged instruments. In addition, there is a risk that PRIT may not be able to close out its future positions due to a non-liquid secondary market. Risks may arise from the potential inability of a counterparty to meet the terms of a contract and from unanticipated movements in the value of a foreign currency relative to the U.S. dollar. The Pension Trust Funds may also invest in financial futures contracts for non-hedging purposes.

Payments are made or received by the Pension Trust Funds each day, depending on the daily fluctuations in the value of the underlying security and are recorded as unrealized gains or losses. When the contracts are closed, the Pension Trust Funds recognize a realized gain or loss.

*Options*

PRIT is also engaged in selling or "writing" options. The Pension Trust Funds, as writers of options, may have no control over whether the underlying securities may be sold (call) or purchased (put) and, as a result, bears the market risk of an unfavorable change in the price of the security underlying the written option. As of June 30, 2003, there were no material options outstanding.

**5. SHORT-TERM FINANCING AND CREDIT AGREEMENTS**

Massachusetts General Laws authorize the Treasurer to issue temporary notes in anticipation of revenue or bond financing. When this short-term debt does not meet long-term financing criteria, it is classified as a fund liability. Short-term debt may be issued on either a stand-alone basis or through a commercial paper program maintained by the Commonwealth.

**A. General Fund**

The balance of revenue anticipation notes (RANs) outstanding may fluctuate during a fiscal year, but must be reduced to zero at June 30. During FY03, the Commonwealth issued RANs through its commercial paper program on a periodic basis to meet cash flow needs. Up to \$700,000,000 of RANs were issued during the year. All RANs were retired before the end of June 2003.

**B. Capital Projects Funds**

The Commonwealth may issue bond anticipation notes (BANs) to temporarily finance its capital projects. BANs may be issued either on a stand-alone basis or through the Commonwealth's commercial paper program.

During FY03 the Commonwealth periodically issued BANs through the commercial paper program, beginning in August 2002. BANs were rolled over and paid down at various times during the fiscal year. No more than \$507,100,000 of BANs were outstanding under the commercial paper program at any time, of which all \$507,100,000 were outstanding on June 30, 2003.

On September 5, 2001, \$350,000,000 of General Obligation BANs were issued to finance costs associated with the development of Convention Centers in Boston, Worcester and Springfield, and to retire a portion of BANs issued prior to the sale. These notes remained outstanding at year-end, but were subsequently retired on September 2, 2003 through the issuance of \$550,000,000 in General Obligation BANs that will mature on January 15, 2004.

On March 28, 2002, \$180,000,000 in General Obligation BANs were also issued to finance costs of the Central Artery / Tunnel Project, in advance of receiving certain contributions from the Massachusetts Port Authority (Massport), which were retired in April, 2003 through the issuance of commercial paper. During June 2003, Massport delivered to the Commonwealth \$104,900,000 in satisfaction of a portion of the terms of the commercial paper BANs. \$75,100,000 remains outstanding as of June 30, 2003. It is expected that \$50,000,000 of these commercial paper BANs will be retired on December 31, 2003 with proceeds from a payment from Massport. A final payment of \$50,000,000 is due from Massport on or before December 31, 2004, which will retire the remaining commercial paper BANs.

**C. Letter-of-Credit Facilities**

During FY03, the Commonwealth maintained a letter-of-credit agreement with a bank in order to provide credit and liquidity support for its commercial paper program. The letter of credit was available to secure up to \$200,000,000 of Commonwealth commercial paper plus interest thereon. Advances were available, subject to certain limitations and bearing interest at the bank rate as defined, in anticipation of revenue or bond proceeds repayable by the following June 30, subject to extension in certain circumstances at the Commonwealth's option. No such advances were drawn during the fiscal year ended June 30, 2003. The cost of the facility is approximately 0.15% on both unutilized and utilized amounts, and expires in December 2003.

**D. Line-of-Credit Facilities**

During FY03, the Commonwealth maintained line-of-credit facilities to provide liquidity support for commercial paper notes totaling \$800,000,000. The Commonwealth has a total of four line-of-credit facilities to provide such liquidity support, each in the amount of \$200,000,000. These facilities expire in September and December of 2004, and March and September of 2005. The annual cost of these facilities ranges from 0.125% to 0.17%.

The following schedule details short – term financing and credit agreement activity for all funds for the fiscal year (amounts in thousands):

	Beginning Balance July 1, 2002	Issued / Drawn	Redeemed / Repaid	Ending Balance June 30, 2003	Credit Limit June 30, 2003
General Fund:					
Revenue Anticipation Notes.....	\$ -	\$ 700,000	\$ (700,000)	\$ -	\$ -
Letter-of-Credit Agreements.....	-	-	-	-	200,000
Line-of-Credit Agreements.....	-	-	-	-	800,000
Subtotal - General Fund Activity.....	-	700,000	(700,000)	-	1,000,000
Capital Projects Funds:					
Bond Anticipation Notes.....	530,000	432,000	(104,900)	857,100	-
Subtotal - Capital Projects Funds Activity.....	530,000	432,000	(104,900)	857,100	-
Total Short-Term Financing And Credit Agreement Activity.....					
	\$ 530,000	\$ 1,132,000	\$ (804,900)	\$ 857,100	\$ 1,000,000

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**6. LONG-TERM DEBT**

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Under the Constitution of the Commonwealth of Massachusetts, the Commonwealth may borrow money (a) for defense, (b) in anticipation of receipts from taxes or other sources, any such loan to be paid out of the revenue of the year in which the loan is made, or (c) by a two-thirds vote of the members of each house of the Legislature present and voting thereon. The Constitution further provides that borrowed money shall not be expended for any other purpose than that for which it was borrowed or for the reduction or discharge of the principal of the loan. In addition, the Commonwealth may give, loan or pledge its credit by a two-thirds vote of the members of each house of the Legislature present and voting thereon, but such credit may not in any manner be given or loaned to or in aid of any individual, or of any private association, or of any corporation which is privately owned or managed.

The Commonwealth has waived its sovereign immunity and consented to be sued on contractual obligations, including bonds and notes issued by it and all claims with respect thereto. However, the property of the Commonwealth is not subject to attachment or levy to pay a judgment, and the satisfaction of any judgment generally requires legislative appropriation. Enforcement of a claim for the payment of principal or interest on bonds and notes of the Commonwealth may also be subject to the provisions of federal or Commonwealth statutes, if any, enacted to extend the time for payment or impose other constraints upon enforcement.

As of June 30, 2003, the Commonwealth had three types of long-term debt outstanding.

**A. General Obligation Bonds**

General Obligation Bonds are authorized and issued primarily to provide funds for Commonwealth-owned capital projects and local government improvements. They are backed by the full faith and credit of the Commonwealth and paid from the Governmental Funds, in which debt service principal and interest payments are appropriated. Massachusetts General Laws provide for the allocation of bond proceeds to these authorizations in arrears, as expenditures are made, unless the proceeds are allocated at the time of issuance.

**i. College Opportunity Bonds**

Some Commonwealth general obligation debt is issued as College Opportunity Bonds (COBs) as authorized by the Massachusetts General Laws. Such bonds were initially issued in fiscal year 1996, and have been issued in each subsequent fiscal year, including FY03, when approximately \$10,113,000, (including accretion), of such bonds were issued. Outstanding COBs have maturity dates ranging from 2003 through 2023. COBs have an accreting interest component payable at maturity. The annual accretion rate of each COB's maturity is a variable rate equal to the annual change in the Consumer Price Index (CPI) plus 2.0%. Assuming the CPI averages 3.5% during the life of the outstanding COBs the payments due at maturities of the COBs will total approximately \$173,803,323, including accretion. In addition, COBs pay current interest in the amount of 0.5% per year of the initial amount still outstanding. The full faith and credit of the Commonwealth back these bonds. These bonds are sold to fund the Commonwealth's "U. Plan" which is part of a college savings program administered by the Massachusetts Educational Financing Authority. These bonds are privately placed and are structured to meet the needs of investors in this plan.

**ii. County Debt Assumed**

Chapter 38 of the Acts of 1997 and Chapter 300 of the Acts of 1998 abolished governments of several Massachusetts counties on various effective dates. As

part of these provisions, the Commonwealth assumed the outstanding debt of Middlesex County on July 1, 1997, of Hampden and Worcester Counties on July 1, 1998, that of Essex County on July 1, 1999 and that of Berkshire County on July 1, 2000. The county debt assumed has become general obligation debt of the Commonwealth. As of June 30, 2003, \$855,000 of these obligations remains outstanding.

**iii. Variable Rate Demand Bonds**

Included in the long-term debt is \$1,542,615,000 of general obligation variable rate demand bonds (VRDBs) maturing from 2007 through 2030 in varying amounts. The redemption schedule for these bonds is included in the bond redemption schedule contained herein. The interest rate on the VRDBs is determined either weekly or daily based on the activity of the Commonwealth's remarketing agents, and interest is paid monthly. On any reset date holders of the VRDBs can require the Commonwealth (acting through its remarketing and tender agents) to repurchase the bonds (a "put"). The remarketing agent is authorized to use its best efforts to resell any repurchased bonds by adjusting the interest rates offered. The Commonwealth pays an annual fee to the remarketing agents equal to 0.05% of the par amount of the bonds.

Under the provisions of stand-by bond-purchase agreements entered into by the Commonwealth with certain commercial banks, the remarketing and tender agents are entitled to draw amounts sufficient to pay the purchase price of any bonds that cannot be resold. During any such period the Commonwealth is required to pay the bank(s) at an interest rate based on their respective prime lending rates. If the remarketing agent is unable to resell any put bonds within six months of the put date, the stand-by bond-purchase agreements include provisions to convert any such bonds to installment loans payable over an extended period of time, with interest payable at a rate based on the bank(s) prime lending rate(s). The stand-by bond-purchase agreements expire on various dates between December of 2003 and January of 2010. The Commonwealth is required to renew or replace these agreements as long as the VRDBs remain outstanding. The Commonwealth currently pays an annual fee to maintain these agreements, which range from 0.10% to 0.21% of the par amount of the bonds.

**iv Other Variable Rate Bonds**

As part of its refunding activities during FY03, the Commonwealth issued \$97,455,000 of refunding bonds which pay a variable rate interest that depends on changes in the Consumer Price Index (CPI). These bonds, which pay interest every six months, are not subject to periodic remarketing, nor do bondholders have the right to "put" such bonds back to the Commonwealth.

**v Action Rate Securities**

Also included in the long-term debt is \$401,500,000 of general obligation Auction Rate Securities (ARS) maturing in varying amounts from 2020 through 2030. The interest rate payable on the bonds changes weekly as determined pursuant to specified auction procedures. Interest on the bonds is payable weekly. In the case of a failed auction (i.e., insufficient bids to clear the market) existing buyers may be required to hold their bonds with interest payable at rate equal to a percentage of an ARS industry index, up to a maximum rate of 12.0%.

**B. Special Obligation Bonds**

The Commonwealth also issues special obligation revenue bonds as authorized by Massachusetts General Laws. Such bonds may be secured by all or a portion of revenues credited to the Highway Fund and are not general obligations of the Commonwealth. At June 30, 2003, the Commonwealth had outstanding \$813,045,000 of such special obligation bonds, of which \$739,061,000 is allocated to debt not subject to the Commonwealth's statutory debt limit. These bonds are secured by a pledge of 6.86 cents of the 21 cent motor fuel excise tax imposed on gasoline.

In June of 2002, the Commonwealth sold \$319,130,000 of special obligation revenue bonds, Series 2002A. Of this amount, \$183,180,000 was issued to refund prior special obligation bonds. The remainder was used to fund capital spending in the Commonwealth. The escrow funded by the refunding bonds and related premium will be used only to secure the principal related to \$190,075,000, exclusive of related call premium in previously issued special obligation bonds maturing on June 1, 2004, 2006 and 2008. The interest related to these maturities is not secured by this escrow. Rather, it will be paid from the existing stream of motor fuel excise taxes. Interest on a portion of the newly issued refunding bonds will be paid from the proceeds of the escrow until the aforementioned prior bonds are called for redemption. This technique, which is generally referred to as a "crossover refunding," results in economic savings to the Commonwealth similar to a normal refunding, but does not meet the accounting definition of defeasance of debt, in which case the defeased debt and the related escrow accounts would have been removed. Until such time as the escrow is used to repay the principal of the refunded bonds, such amounts will be reported in the Highway Capital Projects Fund.

**C. Federal Highway Grant  
Anticipation Notes**

The Commonwealth also issued Federal Highway GANs to finance current cash flow for the Central Artery/Tunnel Project in anticipation of future federal reimbursements. Section 9 through 10D of Chapter 11 of the Acts of 1997, as amended by Chapter 121 of the Acts of 1998, authorizes the Commonwealth to sell up to \$1,500,000,000 in GANs. All Federal Highway Construction reimbursements and reimbursements from the federal highway construction trust funds are pledged to the repayment of the GANs. At June 30, 2003, the Commonwealth has \$1,499,325,000 of GANs outstanding, including accrued interest on capital appreciation bonds with maturity dates ranging from 2005 to 2015. These notes are secured by the pledge of Federal Highway Construction Reimbursements without a general obligation pledge. Under certain limited circumstances, a portion of the revenue from the Commonwealth's motor fuels excise tax may be used to pay debt service on the GANs.

**D. Interest Rate Swap  
Agreements**

*Objective of the Interest Rate Swap Agreements*

In connection with the issuance of variable rate refunding bonds in 1997, 1998, 2001 and 2003, the Commonwealth entered into interest rate swap agreements with certain counterparties. The purpose of these agreements is to effectively fix the interest rate payable on the corresponding variable rate refunding bonds, and to achieve an all-in synthetic interest rate that is lower than the rate that could have been achieved on a natural fixed rate basis at the time the agreements were entered into.

*Terms of the Interest Rate Swap Agreements*

The bonds and related swap agreements have final maturities ranging from 2013 to 2021. The swaps' total notional value of \$1,364,480,000 matches the par amount of the related variable rate refunding bonds. Under the swap agreements, the Commonwealth pays the relevant counterparties' fixed rates ranging from 4.15% to 4.659% and receives variable rate payments equal to the amount of variable rate payments the Commonwealth pays on the related variable rate refunding bonds. For the majority of the bonds, the variable rate interest payments are determined by remarketing agents on either a weekly or daily basis. For a small portion of the relevant bonds, the variable rate is determined based on the change in the Consumer Price Index.

The following chart details the Commonwealth's outstanding swaps and related bond issuances:

<u>Associated Refunding Issue</u>	<u>Notional Amounts (thousands)</u>	<u>Effective Date</u>	<u>Fixed Rate Paid</u>	<u>Variable Rate Received</u>	<u>Fair Market Values (thousands)</u>	<u>Swap Termination Date</u>	<u>Counterparty Credit Rating</u>
Series 1997B	\$ 162,768	8/12/1997	4.659%	Actual Bond Rate	\$ (28,036)	August 1, 2015	AA+/Aaa
Series 1997B	108,512	8/12/1997	4.659%	Actual Bond Rate	(17,937)	August 1, 2015	AAA/Aaa
Series 1998A & B	299,712	9/17/1998	4.174%	Actual Bond Rate	(39,753)	September 1, 2016	AAA/Aaa
Series 1998A & B	199,808	9/17/1998	4.174%	Actual Bond Rate	(23,245)	September 1, 2016	AAA/Aaa
Series 2001B & C	496,225	2/20/2001	4.150%	Actual Bond Rate	(69,776)	January 1, 2021	AAA/Aaa
Series 2003B	87,455	3/12/2003	4.500%	Actual Bond Rate	(5,340)	December 1, 2014	AA+/Aaa
Series 2003B	10,000	3/12/2003	4.500%	Actual Bond Rate	(19)	December 1, 2013	A/A2
Totals	<u>\$ 1,364,480</u>				<u>\$ (184,107)</u>		

#### *Fair Market Value of the Interest Rate Swap Agreements*

Swap rates for the types and remaining terms of the Commonwealth's swap agreements are generally lower (as of June 30, 2003) than those that prevailed when the various swap contracts were entered into. This is the result of two factors: (1) lower interest rates in general; and (2) the shortening of the remaining terms of the swap contracts due to the passage of time and an upward sloping yield curve for such instruments. As a result, the Commonwealth's swap agreements have an estimated fair market value of negative \$184,107,000 as of June 30, 2003. If all the Commonwealth's swap agreements had been terminated as of the end of fiscal year 2003, the Commonwealth would have been required to make a payment of this magnitude. Although the Commonwealth has the option of terminating its swap agreements at any time (and either make or receive any termination payment due,) the Commonwealth's counterparties do not have such an option. Therefore, the Commonwealth would only have to make a payment of the magnitude estimated if certain termination events occurred, as described below.

#### *Credit Risk of the Interest Rate Swap Agreements*

The swap contracts require that the Commonwealth's counterparties maintain certain ratings levels. If they fail to maintain such ratings, the Commonwealth could choose to terminate the related swap agreement and receive or pay a termination payment depending on the interest rates at the time. Similarly, the Commonwealth is required to maintain a certain credit rating under the agreements, generally in the "A" category. If the Commonwealth's rating fell below those levels, the Commonwealth's counterparties could choose to make variable rate payments based on a market index (instead of the actual bond rate) which would subject the Commonwealth to basis risk, as noted below.

#### *Basis, Market and Rollover Risk of the Interest Rate Swap Agreements*

Because the terms on the interest rate swap agreements require the Commonwealth's counterparties to make variable rate payments equal to those the Commonwealth makes on the related variable rate bonds, the Commonwealth is not generally subject to any basis or market risk as a result of these agreements. Under certain circumstances, such as a downgrade of the credit rating of the bonds or the enactment of tax-related legislation which causes the related bonds to trade differently, the swap agreements provide that the Commonwealth's counterparties, may, at their option, pay a variable rate that is based on one or more market indices such as LIBOR or the BMA swap index. Under these circumstances, the Commonwealth would be subject to basis

risk if these indicies varied significantly from the variable rates that were determined for the Commonwealth's variable rate demand bonds through the associated remarketing process.

The swap contracts have the same maturity dates and amortizations as the related bonds. Therefore, the Commonwealth is not subject to any rollover risk as a result of these agreements.

*Termination Risk of the Interest Rate Swap Agreements*

The swap contracts use the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The swap agreements are not otherwise subject to termination except at the Commonwealth's option. If one or more of the swap agreements were terminated, then related variable rate bonds would no longer be hedged and the Commonwealth would no longer be paying a synthetic fixed rate with respect to the bonds. In addition, if at the time of termination, the swap had a negative fair value, the Commonwealth would incur a loss and would be required to settle with the related counterparty or counterparties at the swaps' fair market values.

Debt service on the variable rate bonds is as follows:

Fiscal Year Ending June 30	Variable-Rate Bonds		Interest Rate Swaps, Net	Total
	Principal	Interest		
2004	\$ -	\$ 28,264,150	\$ 30,203,563	\$ 58,467,713
2005	-	28,264,150	30,203,563	58,467,713
2006	-	28,264,150	30,203,563	58,467,713
2007	-	28,264,150	30,203,563	58,467,713
2008	2,340,000	28,229,050	30,165,409	60,734,459
2009-2013	358,785,000	130,350,992	138,563,416	627,699,408
2014-2018	722,845,000	57,648,875	61,473,058	841,966,933
2019-2023	280,510,000	9,119,417	9,803,373	299,432,790
Total	<u>\$ 1,364,480,000</u>	<u>\$ 338,404,934</u>	<u>\$ 360,819,508</u>	<u>\$ 2,063,704,442</u>

**E. Outstanding Debt**

For financial reporting purposes, long-term debt is carried at its face value, which includes discount and any issuance costs. The outstanding amount represents the total principal to be repaid. For capital appreciation bonds, the outstanding amount represents total principal and accreted interest to be repaid. When short-term debt has been refinanced on a long-term basis, it is reported as outstanding at its face amount.

The amount of long-term debt authorized but unissued is measured in accordance with the statutory basis of accounting. Only the net proceeds (exclusive of discount and costs of issuance) are deducted from the total authorized by the Legislature.

Long-term debt outstanding (including discount and issuance cost) and debt authorized and unissued at June 30, 2003 is as follows (amounts in thousands):

<u>Purpose</u>	<u>Bonds Outstanding</u>	<u>Fiscal Year Maturities</u>	<u>Authorized and Unissued</u>
GANs.....	\$ 1,499,325	2005-2015	\$ -
Capital Projects:			
General.....	5,242,836	2004-2022	4,647,475
Highway.....	7,928,824	2004-2031	3,013,610
Local Aid.....	1,229,097	2004-2022	119,223
Other.....	62,424	2004-2022	941,273
	<u>14,463,181</u>		<u>8,721,581</u>
Total.....	<u>\$ 15,962,506</u>		<u>\$ 8,721,581</u>

Interest rates on the Commonwealth’s debt outstanding at the end of FY03 ranged from 0.0% to 8.0%.

Changes in long-term debt outstanding (including discount and issuance cost) and bonds authorized - unissued for the year ended June 30, 2003 are as follows (amounts in thousands):

	<u>Bonds Outstanding</u>	<u>Authorized and Unissued</u>
Balance July 1, 2002.....	\$ 14,955,135	\$ 8,483,658
General and special obligation bonds:		
Principal, less discount and issuance costs.....	1,911,201	(1,911,201)
Net premium and issuance costs.....	(65,743)	-
General obligation refunding bonds:		
Principal on Refunding Bonds.....	3,122,435	-
Principal on Refunded Bonds.....	(3,227,427)	-
Retired discount on Refunded Bonds.....	4,737	-
Increase in bonds authorized.....	-	2,149,124
Bonds retired.....	(737,832)	-
Balance June 30, 2003.....	<u>\$ 15,962,506</u>	<u>\$ 8,721,581</u>

At June 30, 2003, debt service requirements to maturity for principal (including discount, capital appreciation and issuance costs) and interest including all variable rate interest not hedged by swap agreements (assumed interest rate is 5%) are as follows (amounts in thousands):

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004.....	\$728,485	\$791,228	\$1,519,713
2005.....	851,827	755,822	1,607,649
2006.....	979,782	716,367	1,696,149
2007.....	1,018,407	667,569	1,685,976
2008.....	1,046,640	616,805	1,663,445
2009-2013.....	4,927,506	2,275,956	7,203,462
2014-2018.....	3,385,527	1,163,392	4,548,919
2019-2023.....	2,027,979	494,342	2,522,321
2024-2028.....	388,374	219,257	607,631
2029-2031.....	607,980	46,726	654,706
Total	<u>\$15,962,506</u>	<u>\$7,747,464</u>	<u>\$23,709,971</u>

The Commonwealth issued bonds and notes through both competitive and negotiated sales during FY03. The costs for legal counsel and underwriting fees for bond sales were \$667,000 and \$22,758,000 respectively. In addition, the Commonwealth paid \$166,000 for disclosure counsel services.

**F. Bonds Defeased Through Refunding**

As authorized by the Massachusetts General Laws, the Commonwealth advance refunded certain general obligation bonds through the issuance of \$3,122,435,000 of general obligation refunding bonds (exclusive of the aforementioned special obligation refunding bonds) during FY03. Net proceeds totaling approximately \$3,396,027,000 were used to purchase U.S. Government and U.S. Government Agency securities which were deposited in irrevocable trusts with an escrow agent to provide for all future debt service payments of the refunded bonds. As a result, the refunded bonds are considered to be defeased, and the liabilities therefore have been removed from the General Long-term Obligations Account Group. As a result of this refunding, the Commonwealth decreased current year debt service payments and has taken advantage of lower interest rates, and it has decreased its aggregate debt service payments by approximately \$149,495,000 over the next 20 years and will experience an economic gain (the difference between the present values of the debt service payments of the refunded and refunding bonds) of approximately \$127,753,000. At June 30, 2003, approximately \$2,351,885,000 of the bonds refunded remain outstanding and are defeased.

**G. Prior Defeasance**

In prior years, the Commonwealth defeased certain general and special obligation bonds by purchasing securities (from the proceeds of refunding bonds or from surplus operating funds) and placing them in irrevocable trusts to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liabilities for the defeased bonds are not included in the financial statements. At June 30, 2003, approximately \$3,615,898,000 of bonds outstanding from activities in prior fiscal years are considered defeased.

**H. Statutory Debt Limit**

The Massachusetts General Laws establish limits on the amount of direct debt outstanding. By statutorily limiting the Commonwealth's ability to issue direct debt, this limit provides a control on annual capital spending. The direct debt limit for FY03 was approximately \$12,211,823,000. Outstanding debt subject to the limit at June 30, 2003 was approximately \$11,566,472,000. The limit increases 5% per year.

For purposes of determining compliance with the limit, outstanding direct debt is defined to include general obligation bonds and minibonds at the amount of their original net proceeds. It excludes BANs and discount and issuance costs, if any, financed by these bonds. It also excludes special obligation bonds, GANs, refunded bonds, certain refunding bonds, debt issued by counties, and debt issued in conjunction with the MBTA forward funding.

The amounts excluded from the debt limit are as follows (amounts in thousands):

	<u>Debt Outstanding</u>
Balance June 30, 2003.....	\$ 15,962,506
Less amounts excluded:	
Discount and issuance cost.....	(68,718)
Chapter 5 of the Acts of 1992 Refunding..	(10,600)
Special Obligation Principal.....	(748,124)
GANs Principal.....	(1,500,000)
County Debt Assumed.....	(855)
MBTA Forward Funding.....	(680,869)
Central Artery Tunnel.....	<u>(1,386,868)</u>
Outstanding Direct Debt.....	<u>\$ 11,566,472</u>

**I. Subsequent Bond Issuances**

Subsequent to year-end, the Commonwealth sold \$408,015,000 of GANs refunding notes, Series 2003A. These GANs are Special Obligations of the Commonwealth. The escrow funded by the notes will be used to secure the principal related to \$418,340,000 of GANs, including related call premiums, in previously issued series callable on December 15, 2008 and 2010. The interest related to these maturities is not secured by this escrow. Rather, it will be paid from Commonwealth appropriations or the existing stream of future federal grants. Interest on the newly issued refunding notes will be paid from the proceeds of the escrow until the aforementioned prior notes are called for redemption. This technique, which is generally referred to as a “crossover refunding”, results in economic savings to the Commonwealth similar to a normal refunding, but does not meet the accounting definition of defeasance of debt, in which case the defeased debt and the related escrow accounts would have been removed. Until such time as the escrow is issued to repay the principal of the refunded notes, such amounts will be reported in the Grant Anticipation Note Trust Fund. As a result of this transaction, the Commonwealth will reduce its debt service by \$23.9 million over the next 13 years, resulting in an economic gain of \$15.4 million on a present value basis.

In August of 2003, the Commonwealth sold \$475,000,000 of General Obligation Bonds, Series 2003B and 2003C. The proceeds were used to fund capital spending.

In August of 2003, the Commonwealth issued an additional series of College Opportunity Bonds totaling \$10,585,000. This includes an initial amount of \$6,343,000 plus an expected \$4,242,000 in interest to be accreted through maturity.

In October of 2003, the Commonwealth sold \$271,310,000 in General Obligation Bonds, Series 2003C and \$762,285,000 of General Obligation Refunding Bonds, Series 2003D. Proceeds from the Series 2003C bonds were used to fund capital spending. The proceeds of the Refunding Bonds were used to retire various outstanding General Obligation Bonds that were to mature from fiscal 2010 to 2021. The refunding will reduce the Commonwealth’s debt service by approximately \$46.0 million over the next 20 years, and result in an economic gain to the Commonwealth of approximately \$32.2 million on a present value basis.

## 7. LEASES

In order to finance the acquisition of equipment the Commonwealth has entered into various lease/purchase agreements, including tax-exempt lease purchase (TELP) agreements, which are accounted for as capital leases. Lease agreements are for various terms and contain clauses indicating that their continuation is subject to appropriation by the Legislature. For the fiscal year ended June 30, 2003, capital lease/purchase expenditures totaled approximately \$33,876,000.

At June 30, 2003, the Commonwealth's aggregate outstanding liability under capital leases, the present value of the net minimum lease payments, totals approximately \$165,216,000. This liability is reported in the General Long-Term Obligations Account Group. Equipment acquired under capital leases and included in the General Fixed Assets Account Group totaled approximately \$172,631,000.

The Commonwealth has numerous operating lease agreements for real property and equipment with varying terms. These agreements contain provisions indicating that continuation is subject to appropriation by the Legislature.

Certain colleges have capital leases for energy projects with guaranteed energy savings. The result of these savings yields zero interest due from 2014 – 2022 on these leases.

Operating lease expenditures for the fiscal year ended June 30, 2003 were approximately \$186,907,000.

The following is a schedule of future minimum payments under non-cancelable leases as of June 30, 2003 (amounts in thousands):

	<u>Capital Leases</u>		<u>Operating Leases</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>		
2004.....	\$42,283	\$6,591	\$172,398	\$221,272
2005.....	34,295	5,270	151,071	190,636
2006.....	27,831	4,082	109,166	141,079
2007.....	21,847	2,897	80,570	105,314
2008.....	19,814	2,089	51,012	72,915
2009-2013.....	18,548	1,589	414,656	434,793
2014-2018.....	429	-	506	935
2019-2022.....	169	-	-	169
Total.....	<u>\$165,216</u>	<u>\$22,518</u>	<u>\$979,379</u>	<u>\$1,167,113</u>

**8. INDIVIDUAL FUND DEFICITS**

In order to resolve the deficits in the budgeted funds, the Comptroller has recommended authorization of transfers from other budgeted funds with surplus balances or a plan of fund consolidation. If these changes are adopted by the Legislature, the deficiencies will be resolved. For the Non-Budgeted Special Revenue Funds, the Comptroller has recommended similar budgeted transfers to subsidize and resolve the deficits or their consolidation into budgeted funds. Such steps require legislative action.

The Capital Projects Fund deficit reported in the following table reflects the time lag between capital expenditures and the sale of related bonds. To arrive at the combined capital projects fund balance, this individual fund deficit is offset by capital funds earmarked in the Central Artery Statewide Road and Bridge Infrastructure Fund of \$936,218,000, \$231,498,000 held in escrow for the Series 2002A Special Obligation (“Crossover Refunding”) Bonds and \$9,222,000 in reserve for the other Capital Projects Funds.

The following Budgeted, Non-Budgeted Special Revenue and Capital Projects Funds are included in the combined totals and have individual fund deficits at June 30, 2003, as follows (amounts in thousands):

Budgeted Funds:	
Highway Fund.....	\$ 596,027
Children's and Seniors' Health Care Assistance Fund.....	80,032
	676,059
Total Budgeted Funds.....	
Non-Budgeted Special Revenue:	
Other:	
Government Land Bank Fund.....	35,097
Mosquito and Greenhead Fly Control Fund.....	116
Motor Vehicle Safety Inspection Trust Fund.....	31,730
	66,943
Total Non - Budgeted Funds.....	
Capital Projects:	
General Capital Projects Fund.....	263,698
Capital Investment Trust Fund.....	1,371
Capital Improvements and Investment Trust Fund.....	54,936
Convention and Exhibition Center Capital Fund.....	502,568
Capital Expenditure Reserve Fund.....	98,829
Highway Capital Projects Fund.....	32,057
Government Land Bank Capital Project Fund.....	838
Local Capital Projects Fund.....	1,137
	955,434
Total Capital Projects Funds.....	
Total .....	\$ 1,698,436

**9. MEDICAID COSTS**

The Commonwealth provides medical care for low-income, elderly and other residents who qualify for such assistance under the federally-sponsored Medical Assistance Program (Medicaid). The Commonwealth pays the full cost of care and is reimbursed by the federal government for 50% of that cost. For the fiscal year ended June 30, 2003, the General Fund, Tobacco Settlement Fund and

Children's and Seniors' Health Fund include \$5,485,112,000 in expenditures for Medicaid claims processed for payment.

The combined financial statements – statutory basis include Medicaid claims processed but unpaid at June 30, 2003, as accounts payable of approximately \$143,203,000. The Commonwealth estimates its total liability, as determined in accordance with GAAP, at \$547,800,000 including the amounts reported as accounts payable at June 30, 2003. This amount includes estimates of both the cost of care provided as of June 30, 2003, for which claims have not been processed and other costs. Of this amount, \$195,700,000 is expected to be reimbursed by the federal government.

## 10. RETIREMENT SYSTEMS

### A. Primary Government

The Commonwealth is statutorily responsible for the pension benefits for Commonwealth employees (members of the State Employees' Retirement System) and for teachers of the cities, towns, regional school districts throughout the Commonwealth and Quincy College (members of the Teachers' Retirement System, except for teachers in the Boston public schools, who are members of the State-Boston Retirement System but whose pensions are also the responsibility of the Commonwealth). The members of the retirement systems do not participate in the Social Security System.

The Commonwealth has assumed responsibility for payment of cost-of-living adjustments (COLA) for the separate (non-teacher) retirement systems of its cities, towns and counties, granted in fiscal year 1981 to 1996. The Commonwealth is statutorily required to have an actuarial valuation once every three years and every two years on a GAAP basis.

### B. Plan Descriptions

The *State Employees' Retirement System* (SERS) is a single employer defined benefit public employee retirement system (PERS), covering substantially all employees of the Commonwealth and certain employees of the independent authorities and agencies, including the state police officers at the Massachusetts Port Authority and the Massachusetts Turnpike Authority. The SERS is administered by the Commonwealth and is part of the reporting entity and does not issue a stand alone financial report.

The *Teachers' Retirement System* (TRS) is an agent multiple employer defined benefit PERS. The Commonwealth is a non-employer contributor and is responsible for all contributions and future benefit requirements of the TRS. The TRS covers certified teachers in cities (except the City of Boston), towns, regional school districts and Quincy College. The TRS is administered by the Commonwealth and is part of the reporting entity and does not issue a stand-alone financial report.

Certain Commonwealth employees and current retirees employed prior to the establishment of the State Employees' Retirement System are covered on a "pay-as-you-go" basis. During the year ended June 30, 2003, the Commonwealth's pension expenditure included payments totaling \$16,711,000 to current retirees employed prior to the establishment of the current plans and the non-contributory plans.

The *State – Boston Retirement System* (SBRS) is a hybrid multiple employer defined benefit PERS. SBRS provides pension benefits to all full-time employees upon commencement of employment with any of the various government agencies covered by SBRS. The Commonwealth is a non-employer contributor and is only responsible for the actual cost of pension benefits for SBRS participants who serve in the City of Boston’s School Department in a teaching capacity (BTRS). The cost of pension benefits of the other participants is the responsibility of the City of Boston. SBRS is not administered by the Commonwealth and is not part of the reporting entity and a stand-alone financial report is not available.

The policy for post-retirement benefit increases for all retirees of the SERS, TRS, BTRS and COLA of local governments is subject to legislative approval.

Membership – Membership in SERS, TRS and BTRS as of January 1, 2003, the date of the most recent valuation, is as follows:

	<u>SERS</u>	<u>TRS</u>	<u>BTRS</u>
Retirees and beneficiaries			
currently receiving benefits.....	48,766	37,041	2,696
Terminated employees entitled to benefits but not yet receiving them....	2,756	N/A	161
Subtotal.....	<u>51,522</u>	<u>37,041</u>	<u>2,857</u>
Current employees:			
Vested*.....	42,151	44,909	3,716
Non-vested*.....	40,001	44,097	2,681
Subtotal.....	<u>82,152</u>	<u>89,006</u>	<u>6,397</u>
Total.....	<u>133,674</u>	<u>126,047</u>	<u>9,254</u>

\* Estimated

**C. Benefit Provisions**

Massachusetts General Laws established uniform benefit and contribution requirements for all contributory PERS. These requirements provide for retirement allowance benefits up to a maximum of 80% of a member’s highest three-year average annual rate of regular compensation. Benefit payments are based upon a member’s age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions is with the Legislature.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65; for certain hazardous duty and public safety positions, normal retirement is at age 55.

**D. Funding Progress**

During FY01, the Legislature passed Chapter 114 of the Acts of 2000, which modified Chapter 32 of the General Laws. This modification became effective on July 1, 2001. In Chapter 114, teachers who are members of the State Teachers Retirement System, or teachers who are members of the State – Boston Retirement System before 1975, who resigned or took an unpaid leave of absence because of maternity leave will be allowed to “buy back” into the fund

up to a maximum of four years. The member must pay the amount determined by the Retirement Board by December 31, 2001 to qualify, as long as the member has worked longer than ten years. If the member completes ten years of service after December 31, 2001, payment can be made within 18 months of completion of ten years of service. In addition, the law creates a superannuation retirement benefit program for all teachers hired on or after July 1, 2001. This program has a contribution rate of 11 percent of regular compensation. To be eligible for the alternative benefit at retirement, the teacher must have completed thirty years of eligible service. All previous members may elect to participate in the program, as long as they participate with the equivalent of a minimum of five years of employee contributions at the new rate. If the member retires before five years, the teacher must pay into the system, the amount that would have been paid in one lump sum, or in installments as the Board may prescribe. The alternative benefit is calculated as the percentage of average compensation determined under the current formula increased by 2% of the average annual compensation for each full year of service in excess of 24 years. The election to participate is irrevocable.

The SERS, TRS and BTRS actuarial determined contributions were computed as part of the actuarial valuation as of January 1, 2001. These assumptions remained the same for the January 1, 2003 valuation. The Commonwealth revised the actuarial assumptions used in the calculation of contribution requirements and Unfunded Actuarial Liability (UAL) effective January 1, 2001. The revised actuarial assumptions were the result of an experience study performed for the Commonwealth for the period 1995 to 1999 concluded in FY01.

The actuarial value of assets used to derive the UAL from January 1, 1990 to January 1, 1996 reflected the market value of plan assets. Beginning the January 1, 1998 actuarial valuation, the Commonwealth began implementing a method that averages realized and unrealized asset gains and losses over 5 years.

The most significant assumptions for the actuarial valuation are investment return and rate of salary increase. The valuation as of January 1, 2003 assumes an investment return rate of 8.25% per year. The salary increase is based on years of service and may also vary by age and job groups. The rate of salary increase assumption ranges from 4.75% to 12.00%. Other assumptions include mortality, disability, turnover and retirement rates, along with cost of living increase.

The following table presents the schedule of funding progress as presented in the most recent actuarial valuations at the dates indicated (amounts in thousands):

Actuarial Valuation as of January 1	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded Actuarial Liability (UAL)	Funded Ratio %	Annual Covered Payroll *	UAL as a % of Covered Payroll
State Employees' Retirement System						
2003	\$ 13,947,000	\$ 17,551,000	\$ 3,604,000	79.5 %	\$ 3,779,000	95.4 %
2002	15,002,000	15,961,000	959,000	94.0	4,034,000	23.8
2001	13,922,000	15,170,000	1,248,000	91.8	3,700,000	33.7
2000	13,364,000	14,138,000	773,000	94.5	3,472,000	22.3
1998	9,914,000	11,361,000	1,447,000	87.3	3,111,000	46.5
1996	7,366,000	9,441,000	2,075,000	78.0	2,989,000	69.4
1995	5,879,000	8,602,000	2,723,000	68.3	2,992,000	91.0
1993	5,071,000	8,738,000	3,667,000	58.0	2,919,000	125.6
1992	4,699,000	7,303,000	2,604,000	64.3	2,638,000	98.7
Teachers' Retirement System						
2003	14,762,000	22,892,000	8,129,000	64.5	4,406,000	184.5
2002	15,712,000	20,620,000	4,908,000	76.2	4,264,000	115.1
2001	14,390,000	18,170,000	3,779,000	79.2	4,072,000	92.8
2000	13,681,000	16,420,000	2,739,000	83.3	3,704,000	73.9
1998	10,170,000	13,095,000	2,925,000	77.7	3,175,000	92.1
1996	7,553,000	10,252,000	2,699,000	73.7	2,810,000	96.0
1995	6,014,000	9,712,000	3,698,000	61.9	2,667,000	138.7
1993	5,142,000	8,921,000	3,779,000	57.6	2,428,000	155.6
1992	4,784,000	8,706,000	3,922,000	55.0	2,032,000	193.0
State - Boston Retirement System ( Boston Teachers)						
2003	919,000	1,918,000	998,000	47.9	387,000	257.9
2002	984,000	1,756,000	772,000	56.0	370,000	208.6
2001	918,000	1,502,000	583,000	61.1	304,000	191.8
2000	860,000	1,381,000	521,000	62.3	285,000	182.8
1998	699,000	1,219,000	520,000	57.3	285,000	182.5
1996	549,000	1,025,000	476,000	53.6	274,000	173.7
1995	438,000	833,000	395,000	52.6	232,000	170.3
1993	370,000	743,000	373,000	49.8	206,000	181.1
1992	342,000	759,000	417,000	45.1	184,000	226.6

\* - The covered payroll amounts approximate the employer payroll.

**E. Pension Actuarial Valuation**

The Commonwealth's pension actuarial valuation was performed as of January 1, 2003 pursuant to Chapter 32 of the General Laws of the Commonwealth of Massachusetts and based on the plan provisions at that time.

**F. Contributions Required and Contributions Made**

The Commonwealth was financially responsible for the COLA granted to participants in the 104 retirement systems of cities, towns and counties in fiscal year 1981 to 1996. Chapter 17 of the Acts of 1997 effective for fiscal year 1998 transferred the responsibility for funding COLAs for separate (non-teacher) retirement systems of cities and towns to the respective system. Any future COLA granted by the Legislature to employees of these plans will be the responsibility of the individual system. The individual employer governments are also responsible for the basic pension benefits. The retirement systems are not administered by the Commonwealth and are not part of the reporting entity. The actuarial accrued liability for COLA as of January 1, 2003 was \$670,000,000.

The retirement systems' funding policies have been established by Chapter 32 of the Massachusetts General Laws. The Legislature has the authority to amend these policies. The annuity portion of the SERS, TRS and BTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

Member contributions vary depending on the most recent date of membership:

<u>Hire Date</u>	<u>% of Compensation</u>
Prior to 1975	5% of regular compensation
1975 – 1983	7% of regular compensation
1984 to 6/30/96	8% of regular compensation
7/1/96 to present	9% of regular compensation
7/1/96 to present	12% of regular compensation (State Police)
7/1/01 to present	11% of regular compensation (for teachers hired after 7/1/01 and those accepting provisions of Chapter 114 of the Acts of 2000)
1979 to present	An additional 2% of regular compensation in excess of \$30,000.

The Commonwealth's contribution for the pension benefit portion of the retirement allowance of SERS and TRS and required payments to cover BTRS and COLA contributions were originally established on a "pay-as-you-go" basis. As a result, amounts were appropriated each year to pay current benefits, without a systematic provision to fully fund future liabilities already incurred. Beginning in fiscal year 1988, the Commonwealth enacted the Pension Reform Act of 1987 and addressed the unfunded liability of SERS, TRS and its participation in SBRS and its COLA obligation. Chapter 32, Section 22C of General Laws enacted in 1998 called for the payment of normal cost plus a level amortization payment of UAL such that the UAL is reduced to zero by June 30, 2018.

This legislation also directed the Secretary of Administration and Finance to prepare a funding schedule to meet these requirements, and to update this funding schedule every three years on the basis of new actuarial valuation reports prepared under the Secretary's direction. Any such schedule is subject to legislative approval. If a schedule is not so approved, payments are to be made in accordance with the most recently approved schedule. Under the current schedule proposed on March 1, 2002, the amortization payments are designed to eliminate the unfunded liability by fiscal year 2023 on a 4.15% increasing basis. Contributions by the Commonwealth of \$813,660,000 were made during the fiscal year ended June 30, 2003. Of this amount \$34,073,000 represents payments for COLA granted to participants in retirement systems of cities, towns and counties.

GAAP requires that pension expenditures (costs) be based on an acceptable actuarial cost method and that they be not less than:

- Normal cost plus amortization of net pension obligation cost
- Interest and amortization on any unfunded prior service costs

The funding schedule discussed above follows an acceptable actuarial funding methodology to compute normal cost and the unfunded accrued actuarial liability.

The following table presents the schedule of employer contributions (amounts in thousands):

Actuarial Valuation as of January 1	Annual Required Contribution (ARC)	Interest on NPO	Amortization of NPO	Pension Cost	Actual Contribution Made	Net Pension (Obligation) Asset (NPO)	% of ARC Contributed	% of Pension Cost Contributed
State Employees' Retirement System								
2003	\$ 397,698	\$ (117,299)	\$ (96,940)	\$ 377,338	\$ 280,929	\$ 1,325,401	71 %	74 %
2002	215,795	(111,506)	(92,152)	196,441	266,660	1,421,811	124	136
2001	275,204	(109,731)	(133,387)	298,861	320,381	1,351,592	116	107
2000	352,084	(108,400)	107,190	350,873	367,000	1,330,071	104	105
1999	319,454	(103,188)	98,556	314,822	378,000	1,313,944	118	120
1998	261,255	(83,446)	77,180	254,989	494,289	1,250,766	189	194
1997	246,037	(65,478)	41,889	222,448	463,590	1,011,466	188	208
1996	232,158	(46,918)	29,523	214,763	433,114	770,324	187	202
1995	249,640	(31,639)	19,614	237,615	417,361	551,973	167	176
1994	266,564	(18,448)	9,152	257,268	398,900	372,227	150	155
1993	243,587	(5,539)	2,694	240,742	402,100	230,595	165	167
1992	252,687	136	(65)	252,758	323,700	69,237	128	128
Teachers' Retirement System								
2003	651,021	(83,468)	(68,980)	636,534	417,204	792,400	64	66
2002	411,225	(82,377)	(68,079)	396,927	410,143	1,011,729	100	103
2001	475,053	(78,498)	(95,421)	491,976	539,000	998,513	113	110
2000	480,873	(79,487)	78,599	479,985	468,000	951,489	97	98
1999	373,777	(70,312)	67,155	370,620	481,826	963,474	129	130
1998	315,474	(59,126)	54,686	311,034	446,619	852,267	142	144
1997	245,426	(44,832)	28,681	229,275	418,519	716,682	171	183
1996	232,403	(30,311)	19,073	221,165	392,003	527,439	169	177
1995	277,343	(24,002)	14,880	268,221	342,441	356,601	123	128
1994	247,460	(15,975)	7,925	239,410	322,100	282,381	130	135
1993	225,838	(9,946)	4,837	220,729	296,100	199,691	131	134
1992	223,041	(4,996)	2,384	220,429	282,300	124,320	127	128
Boston Teachers Retirement System								
2003	76,151	3,411	2,819	76,743	52,944	(65,142)	70	69
2002	94,003	(67)	(56)	93,992	51,833	(41,343)	55	55
2001	66,820	1,542	1,875	66,488	86,000	815	129	129
2000	58,266	448	(443)	58,271	45,000	(18,697)	77	77
1999	53,453	(989)	944	53,409	36,000	(5,426)	67	67
1998	48,795	(2,114)	1,995	48,636	35,000	11,983	72	72
1997	34,621	(2,082)	1,332	33,871	35,000	25,619	101	103
1996	32,908	(1,860)	1,171	32,219	34,822	24,490	106	108
1995	28,168	(1,816)	1,126	27,478	28,000	21,887	99	102
1994	22,448	(1,216)	603	21,835	28,000	21,365	125	128
1993	20,463	(650)	316	20,129	27,200	15,200	133	135
1992	26,530	(634)	303	26,199	26,400	8,129	100	101

The total contributions required for SERS, TRS and SBRS are based on the entry age normal cost method using the same actuarial assumptions used to compute the net pension obligation.

**G. *Subsequent Event –  
Change in Budgetary  
Funding for Pensions  
and Transfer of Assets***

On June 30, 2003, the Commonwealth enacted the General Appropriation Act (GAA) for fiscal year 2004. Within the Act, the Commonwealth changed its funding mechanism for its pension obligations, moving the funding “off – budget.” The original pension funding schedule called for an \$832.3 million appropriation. However, the fiscal year 2004 GAA amended the General Laws to allow annual pension appropriations to include the scheduled amount less the value of any capital assets transferred to the pension liability fund. The fiscal 2004 GAA funded the \$832.3 million pension obligation using \$687.3 million in cash from operating revenues and the transfer to the pension liability fund of the Commonwealth from the Massachusetts Convention Center Authority the Hynes Convention Center and the Boston Common Garage, valued at \$145.0 million.

**H. *Post-retirement Health  
Care and Life Insurance  
Benefits***

In addition to providing pension benefits, under Chapter 32A of the Massachusetts General Laws, the Commonwealth is required to provide certain health care and life insurance benefits for retired employees of the Commonwealth, housing authorities, redevelopment authorities, and certain other governmental agencies. Substantially all of the Commonwealth’s employees may become eligible for these benefits if they reach retirement age while working for the Commonwealth. Eligible retirees are required to contribute a specified percentage of the health care benefit costs which is comparable to contributions required from employees. The Commonwealth is reimbursed for the cost of benefits to retirees of the eligible authorities and non-state agencies. The Commonwealth recognizes its share of the costs of providing these benefits when paid. These payments totaled approximately \$251,370,000 for the fiscal year ended June 30, 2003. There are approximately 51,398 participants eligible to receive benefits at June 30, 2003.

The Commonwealth has not performed an actuarial valuation of its post-retirement health care and life insurance benefit liability. Private industry typically sees an actuarial accrued liability of 10 to 20 times the current annual payments. For the Commonwealth this would extrapolate to an actuarial accrued liability of \$2.5 billion to \$5 billion.

The FY04 General Appropriation Act changed the employee contribution rates for group health insurance with the exception of current employees earning less than \$35,000 and retirees. Current employees as of July 1, 2003 will contribute 20% to their health insurance costs if they earn over \$35,000. New employees will contribute 25%. In fiscal 2006, the contribution rates will return to 15% for all employees.

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**11. COMMITMENTS**

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**A. *Regional Transit Authorities***

Under Chapter 161B of the General Laws, the Commonwealth is obligated to provide annual subsidies to certain regional transit authorities for contract assistance, debt service assistance and their net cost of service deficiencies. The Commonwealth recovers a portion of these payments through assessments to the cities and towns served. During FY03, net expenditures were \$18,580,000. In addition, for FY03, the Commonwealth appropriated \$19,478,000 to the regional transit authorities to cover net costs of service for the calendar year ended December 31, 2002.

The FY03 General Appropriation Act amended Chapter 161B. After July 1, 2003, bonds and notes issued by the various authorities are no longer guaranteed by the Commonwealth and are not general obligations of the Commonwealth.

**B. *MBTA and Other Authorities***

The Commonwealth continues to guarantee certain Massachusetts Bay Transportation Authority (MBTA) debt outstanding at June 30, 2003, totaling \$2,833,700,000. The amount represents the residual balance of Commonwealth guaranteed debt that existed prior to the forward funding.

The MBTA's forward funding legislation provides for the MBTA to issue general obligation, revenue or other debt secured by a pledge or conveyance of all or a portion of revenues, receipts or other assets or funds of the MBTA. This new debt is not backed by the full faith and credit of the Commonwealth. Finally, the MBTA will not receive any principal or interest subsidies from the Commonwealth for the repayment of either the prior debt or new debt of the MBTA beyond the pledged revenues.

In addition to the MBTA, the Commonwealth guarantees debt of a number of Public Authorities. At June 30, 2003, the aggregate outstanding debt for which the Commonwealth is obligated to provide contract assistance support totaled approximately \$909,167,000 long-term and \$100,596,000 short-term.

In addition, the Commonwealth guarantees the debt of certain local governments and public higher education building authorities but does not provide contract assistance. The majority of these guarantees are for bonds outstanding for certain series' of the University of Massachusetts Building Authority. The Commonwealth guarantees these series of bonds to a maximum of \$200 million.

At June 30, 2003, the Commonwealth had commitments of approximately \$976,620,000 related to ongoing construction projects. The majority relate to construction funding for the Central Artery/Tunnel Project. The Central Artery/Tunnel Project continues to anticipate federal participation and payments from the Massachusetts Turnpike Authority (MTA) and the Massachusetts Port Authority (MassPort).

**C. *Saltonstall Building***

The Massachusetts Development Finance Agency (MDFA) was authorized in legislation to undertake redevelopment of the Saltonstall State Office Building and its surrounding area. Under the provisions of MDFA's bond authorization, the building is to be leased by the MDFA for a lease term of up to 50 years with extension terms permitted for an aggregate 30 more years. The MDFA renovated the building and will lease half of it back to the Commonwealth for office space and related parking for a comparable lease term. The remainder of

the building and surrounding area has been redeveloped as private office space, housing and retail establishments. Upon completion, the Commonwealth will be obligated for future lease payments for space it rents. However, this obligation is not a general obligation or a pledge of credit of the Commonwealth. Though MDFA's bonds are revenue obligations, with pledges of the public and private lease payments, the Commonwealth's lease payments are due upon occupancy and are subject to annual appropriation. It is currently anticipated that the initial lease payment will be due between December of 2003 and February of 2004. The Governor filed legislation in June 2003 to fund the cost of the FY04 lease payments. The legislation is currently pending.

**D. Central Artery / Tunnel Project**

The Central Artery / Tunnel Project is the largest single component of the Commonwealth's capital program according to the finance plan filed as of October 1, 2003. The current cost estimate is \$14.625 billion. The plan includes a maximum obligation of \$8.549 billion from the federal government. The finance plan is currently under review.

In connection with the Central Artery / Tunnel Project, on May 8, 2000, the State Treasurer's office was advised that the staff of the Securities and Exchange Commission (SEC) conducted a formal investigation in the matter of "Certain Municipal Securities/Massachusetts Central Artery (B-1610.)" This is pursuant to a formal order of private investigation issued by the SEC.

Subsequent to year-end, on July 31, 2003, the SEC accepted offers of settlement from the Turnpike Authority and the former Turnpike Authority Chairman, which included issuance of cease-and-desist orders as a result of their failure to disclose cost increases associated with the Central Artery / Tunnel Project in 1999. In accepting those offers of settlement, the SEC considered the remedial acts undertaken by the Turnpike Authority, including generating detail monthly cost projections for the Central Artery / Tunnel Project, conducting annual reviews, employing an outside consultant to test budget assumptions and cost figures and retaining outside counsel to provide disclosure advice. No fines were imposed.

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**12. CONTINGENCIES**

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A number of lawsuits are pending or threatened against the Commonwealth, which arise from the ordinary course of operations. These include claims for property damage and personal injury, breaches of contract, condemnation proceedings and other alleged violations of law. For those cases in which it is probable that a loss will be incurred and the amount of the potential judgment can be reasonably estimated or a settlement or judgment has been reached but not paid, the Attorney General estimates the liability to be approximately \$34,950,000 to be paid during FY04. No accrual has been made for this amount in the combined financial statements – statutory basis.

Under the statutory basis of accounting, workers' compensation costs are recognized when claims are presented and paid. The Commonwealth's outstanding liability for such claims at June 30, 2003 is estimated to be \$287,192,000, of which approximately \$40,214,000 is expected to be paid during FY04. No accrual has been made for these amounts in the combined financial statements – statutory basis.

The Commonwealth receives significant financial assistance from the federal government. Entitlement to these resources is generally contingent upon

compliance with terms and conditions of the grant or reimbursement agreements and with applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all federal financial assistance is subject to financial and compliance audits. Any disallowances become liabilities of the fund which received the assistance. At June 30, 2003, the Commonwealth estimated that liabilities, if any, which may result from such audits are not material.

Chapter 200A of the Massachusetts General Laws, the Commonwealth's Abandoned Property Law, requires deposit of certain unclaimed assets into a managed Fiduciary Fund. These unclaimed assets, less \$6,907,000, which is expected to be reclaimed and paid in fiscal year 2004, are to be remitted to the General Fund each June 30, where it is included as miscellaneous revenue. Amounts remitted during FY03 totaled approximately \$103,803,000. Since inception, approximately \$1,160,167,000 has been remitted. A portion of this amount represents a contingency, because claims for refunds can be made by the owners of the property.

#### **A. Tobacco Settlement**

A Master Settlement Agreement (MSA) was executed in November of 1998 between five tobacco companies and 46 states, including the Commonwealth. The MSA called for, among other things, annual payments to the states in perpetuity. These payments have been estimated to total more than \$200 billion over the first 25 years, subject to various offsets, reductions, and adjustments.

In FY03, the Commonwealth received approximately \$300,039,000 or 89% of the estimated amounts shown in the agreement. All of that amount was transferred to the Tobacco Settlement Fund, a budgeted fund, plus an additional \$7,763,000 in interest earnings pursuant to the General Laws. The remainder was deposited into the Health Care Security Trust Fund, a non-budgeted fund. The amount transferred to the Tobacco Settlement Fund was increased in FY03 to 50% of the settlements received during the year due to changes made as part of the FY02 General Appropriation Act. The majority of expenditures from the fund this year were for Health and Human Services, Elder Affairs and Medicaid costs. Pursuant to the FY03 General Appropriation Act an additional \$162,000,000 was transferred from the Tobacco Settlement Fund to fund Health and Human Services expenditures primarily in the Uncompensated Care Fund and the Children's and Seniors' Health Care Assistance Funds.

The amounts that might be payable, if any, by the Commonwealth for legal costs relating to the tobacco litigation cannot be determined at this time. The outside attorneys for the Commonwealth were awarded approximately \$775,000,000 in fees to be paid over time by the tobacco companies and, therefore, were not to be paid out of the Commonwealth's award. In an early ruling in the case, the court found that the attorney's arguments may ultimately inure to the benefit of the attorneys that represented the Commonwealth in the action against tobacco manufacturers. The effect of this ruling is to increase the potential exposure for the Commonwealth from \$500 million to approximately \$1.3 billion. The claim is based on a contingent fee contract executed under Massachusetts General Laws, Chapter 29, Section 29E.

#### **B. Unemployment Compensation Fund**

The fund balance in the Unemployment Compensation Fund has declined to approximately \$491 million as June 30, 2003. The Department of Employment and Training estimates that the fund will be operating at a deficit by January 2004. State law provides that in the event of a deficit in the Unemployment Compensation Fund that is not paid back by September 2004, additional

revenues will be collected from employers in order to pay the interest that has accrued on the debt.

**13. NON-TAX REVENUE INITIATIVES**

Chapter 653, Acts of 1989, amended Chapter 29 of the Massachusetts General Laws by adding Sections 29D and 29E, which authorize certain non-tax revenue initiatives and require reporting thereon, as follows.

**A. Debt Collection**

Pursuant to Massachusetts General Laws Chapter 29, Section D, Chapter 7A Section 8, allows private debt collection agencies to engage in debt collection for the Commonwealth. The fees paid are contingency based from the proceeds collected. Collections and fees paid during FY03 were:

<u>Department Collectors</u>	<u>Collections</u>	<u>Fees</u>
ACS State & Local Solutions .....	\$ 418,782	\$ 83,756
Allen Daniel Associates.....	458,591	86,563
Collection Company of America.....	1,615,011	358,028
Delta Management Associates, Inc.....	310,221	61,840
Glenn Associates, Inc.....	566,948	107,155
Gragil Associates, Inc.....	69,793	15,327
NCO Financial Systems, Inc.....	1,847	179
OSI Collection Services,, Inc.....	1,148,274	228,976
Walker Associates Inc.....	4,758	714
Windham Professionals, Inc.....	1,458,256	340,950
Total.....	<u>\$ 6,052,482</u>	<u>\$ 1,283,488</u>

Under the same program, the following amounts were collected and fess paid for institutions of higher education: (These figures are a subset of the above).

<u>Department Collectors</u>	<u>Collections</u>	<u>Fees</u>
Allen Daniel Associates.....	\$ 418,918	\$ 78,666
Collection Company of America.....	667,530	148,392
Delta Management Associates, Inc....	301,938	60,183
Glenn Associates, Inc.....	566,948	107,155
NCO Financial Systems, Inc.....	1,847	179
OSI Collection Services, Inc.....	413,691	80,751
Windham Professionals.....	<u>139,216</u>	<u>30,881</u>
Total.....	<u>\$ 2,510,088</u>	<u>\$ 506,207</u>

**B. Revenue Maximization**

Pursuant to Massachusetts General Law Chapter 29 Section 29E, contractors were engaged on a contingent fee basis to assist several of the Commonwealth’s departments in the identification and collection of federal and other non-tax revenues. During FY03, \$235,907,000 was generated through such efforts, of which \$30,289,000 was credited back to the federal government. After contractor payments of \$9,327,000 the Commonwealth received \$194,201,000.

**C. Revenue Optimization**

Pursuant to Chapter 184 Section 188 of the fiscal year 2003 Budget, contractors were engaged on a contingent fee basis to assist several of the Commonwealth’s

departments in the identification and collection of federal and other non-tax revenues. This program differs from the Revenue Maximization Program in that it authorizes departments to receive a department incentive distribution if they are successful in generating new revenue and additional fiscal program goals are met. During fiscal year 2003, approximately \$1,169,000 was collected through such efforts. After contractor payments of \$6,916 and fund split of \$489,344, the Commonwealth had a net revenue of \$673,010 to the General Fund. The RevOpt Campaign was not included in the General Appropriation Act for FY2004. However, the RevOpt Campaign will have positive lasting benefits in many areas: significantly increased non-tax revenues, increased effectiveness in cross-departmental cooperation, enhanced departmental business processes, improved ability to identify revenue opportunities, enhanced capacity to accurately track and manage contingency projects and more effectively manage non-tax revenue.

**D. Cost Avoidance**

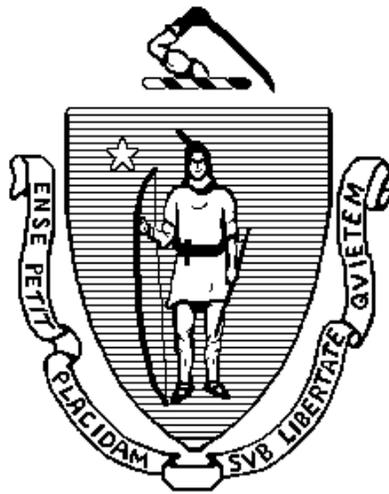
Pursuant to Chapter 184 of the fiscal year 2003 Budget, contractors were engaged on a contingent fee basis for the purpose of identification and pursuit of cost saving/avoidance opportunities. During FY03, \$102,169,000 of state expenditures was avoided, of which \$51,084,000 would have been funded by the federal government. After contractor payments of \$4,639,000 the Commonwealth had a net cost saving/avoidance of \$46,445,000.

**E. Intercept**

Intercept is authorized by M.G.L. Chapter 7A Section 3 and 815 CMR 9:06. Intercept is an automated process that offsets Commonwealth payments to delinquent receivables that have been approved by the Office of the State Comptroller. During FY03, the Intercept process was enhanced by using Web based technology to accept debt files from institutions of higher education. In FY03, the Commonwealth intercepted \$4,323,000 of which \$1,423,000 was on behalf of institutions of higher education..

**F. Telecommunication  
Audits**

Pursuant to Massachusetts General Law Chapter 29, Section 29E, authorized contractors were engaged on a contingent fee basis to provide telecommunication services audits to eligible entities of the Commonwealth. In fiscal year 2003, the PMT added five new contractors to this statewide contract to identify current or past billing overcharges and/or improper tariff rates and to negotiate a refund for overcharges with telecommunication companies on behalf of the Commonwealth agencies. Telecommunication services audit could include but are not limited to voice and data communication service recovery. The contract has exercise the first of two (1) year renewal options. There have been five authorized task orders from three different contractors to perform these services. Currently, they are still in the process of completing the audits and therefore have not realized any refunds for the Commonwealth. No payments have been made to the contractors.

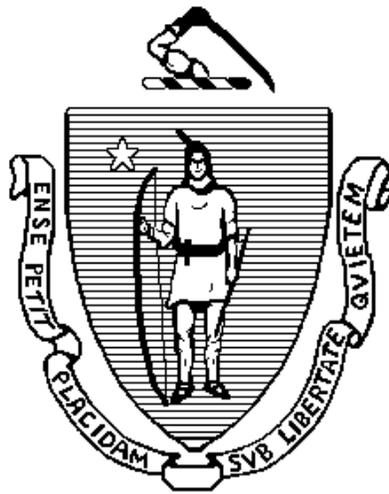


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# *Combining and Individual Fund Financial Statements - Statutory Basis*



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# *Individual Budgeted Funds*

## **MAJOR BUDGETED FUNDS:**

*The General Fund* - The General Fund is the Commonwealth's primary Governmental Fund. All governmental activities not specifically directed to another fund are accounted for in the General Fund. As a result, most budgeted expenditures of the Executive secretariats, the Legislature, constitutional offices, Judiciary, institutions of higher education and independent commissions are paid for from the General Fund. It similarly receives a significant portion of sales, individual income and corporate taxes, and the full amount of most other governmental taxes.

*Highway Fund* - to account for highway user taxes including the gas tax and fees; used to finance highway maintenance and safety services, and provide matching funds for federally sponsored highway projects as required.

*Infrastructure Fund (Subfund of Highway Fund)* - details specific components of revenue and expenditure related to the Highway Fund segregated per instructions in Section 2 O of Chapter 29 of the General Laws.

*Local Aid Fund* - to account for revenue from sales, income, and other corporate taxes and lottery profits, which have been earmarked for distribution to cities and towns or are used to finance programs that benefit local communities. This fund was repealed effective June 30, 2003 pursuant to Chapter 26, Acts of 2003, Section 128. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the General Fund.

*The Commonwealth Stabilization Fund* - to account for amounts calculated in accordance with state finance law and maintain a reserve to enhance the Commonwealth's fiscal stability. For FY2003, the fund accounted for monies received from tax loophole closures, demutualized insurance company investments held by the

Commonwealth and the residual surplus or deficit fund balances of closed funds.

*Administrative Control Funds* - account for the revenues generated by certain administrative functions of government, for which the Legislature has required that separate funds be established. These funds include:

*Tax Reduction Fund* - to account for the maintenance of a reserve, which shall be used only to reduce personal income taxes.

*Intragovernmental Service Fund* - to account for the charges of any state agency for services provided by another state agency, for example, charges levied by the public employee retirement administration for workers compensation chargeback.

*Revenue Maximization Fund* - to account for increased collections as a result of special initiatives; these revenues become available for expenditure by the various state agencies. This fund was repealed effective June 30, 2003 pursuant to Chapter 26, Acts of 2003, Section 134. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

## **BUDGETED ENVIRONMENTAL FUNDS:**

These funds account for a variety of revenues, which finance programs to preserve, protect and enhance the environment. These funds include:

*Natural Heritage and Endangered Species Fund* - to account for revenues from public and private sources and/or the federal government as reimbursements, grants, donations or other receipts; used to acquire by purchase, lease, easement or license land critical to nongame wildlife and endangered species for purposes of protecting and enhancing nongame wildlife. For FY2004 this fund will be a Non-Budgeted Fund, pursuant to Chapter 26 of the Acts of 2003, Section 34.

*Inland Fisheries and Game Fund* - to account for revenues from license and permit fees for inland fishing, hunting, trapping, and sporting licenses and revenue producing stamps or the sales of land, rights and properties, gifts, interest, and federal grant reimbursements; used for developing, maintaining and operating the division of fisheries. This fund was to be repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 384. However, the Comptroller used

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discretion afforded under Section 622 of the Act to reverse the repeal.

***Environmental Challenge Fund*** – to account for inappropriate disposal of hazardous waste and other environmental infractions; used for cleanup, control or response actions for oil and hazardous materials, and to reduce the production of hazardous waste. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 130. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

***Toxics Use Reduction Fund*** – to account for the fees, penalties, and other financial charges collected by the Toxic Use Reduction Institute including grants or gifts collected. Appropriations are for the specific purpose of cleaning up and reducing toxic waste. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 131. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

***Clean Environment Fund*** - to account for programs for recycling compost, solid waste source reduction and other environmental programs, which are financed through unclaimed bottle deposits escheated to the Commonwealth. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 296. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

***Environmental Permitting and Compliance Assurance Fund*** - to account for revenues from the issuance of permits for the removal of hazardous materials and certain other fees; used to fund the cost of monitoring, discharge sampling and analysis, inspection, technical assistance, and enforcement activities necessary to ensure compliance by persons holding permits. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 132. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

***Underground Storage Tank Petroleum Product Cleanup Fund*** – to account for fees, penalties, grants, gifts or other contributions used to provide reimbursements for cleanup and other expenditures incurred as a result of damage caused by underground storage tanks and systems. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 135. All future activity

will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

***Environmental Law Enforcement Fund*** - to account for revenues from certain gas taxes, grants, and revenue from law enforcement coverage details throughout the Commonwealth; used for operating the division of law enforcement. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 87. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

***Public Access Fund*** - to account for revenues from certain gas taxes and federal reimbursements used for the cost of acquisition, construction, maintenance operation and improvement of public access to state waterways. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 94. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

***Harbors and Inland Waters Maintenance Fund*** – to account for certain gas taxes, fines, permits and federal reimbursements used for maintenance, dredging and cleaning of harbors, inland waters and great ponds. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 239. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

***Marine Fisheries Fund*** – to account for revenues from certain gas taxes, licenses, and fees; used to manage the division of marine fisheries. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 381. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

***Watershed Management Fund*** - to account for revenues from the sale of wood products harvested on watershed lands, and assessments from the Massachusetts Water Resource Authority; used to maintain and operate the MDC Watershed Division. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 136. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

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**Low Level Radioactive Waste Management Fund** – to account for assessments on persons licensed or registered to receive, possess, use, transfer or acquire radioactive material; used for the expenses of the Low Level Radioactive Waste Management Board to carry out its duties. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 36. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

**Asbestos Cost Recovery Fund** – to account for revenues from court judgments/settlements relative to the removal of asbestos; used for operations, maintenance, encapsulation and removal of asbestos. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 539. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

**Clean Air Act Compliance Fund** - to account for revenues from permit applications and grants; used for the implementation, administration, monitoring and analysis of permitting compliance and enforcement of technical assistance programs. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 138. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

**Solid Waste Disposal Fund** – to account for monies received relative to solid waste disposal including assessments from cities and towns to be appropriated for the purpose of management, maintenance and operation of solid waste disposal facilities. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 58. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

**Second Century Fund** - to account for fees or charges for use of the Commonwealth's system of parks, forests or other natural resources subject to the oversight of the department of environmental management pursuant to Section 2 of Chapter 21; and expenditure for the enhancement, improvement and maintenance of forest and parks systems. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 142. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

**Safe Drinking Water Fund** - to account for drinking water assessments to end suppliers engaged in the distribution of water and used for the administration of monitoring federal safe drinking water act. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 133. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

#### **OTHER BUDGETED FUNDS:**

These funds account for a variety of miscellaneous taxes, fees, fines and other revenues, which are restricted to the financing of specific Commonwealth programs.

**Ratepayer Parity Trust Fund** – to account for all personal and corporate tax revenues attributable to the sale of assets relative to electric companies and penalties and fees collected for the purpose of providing extraordinary assistance in achieving the required electricity rate reduction. For FY2003, this fund has been closed and the remaining balance transferred to the General Fund.

**Child Support Penalty Fee Fund** - to account for penalties, fees or interest assessed by IV-D agency to establish the enforcement of child support authorized under Title IV of the Social Security Act. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 364. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

**Workforce Training Fund** - to account for revenues from new unemployment surcharge of .075% of unemployment taxable wages on employers; to provide grants to employers and labor groups to provide education and training to new and existing employees.

**Brownfields Revitalization Fund** – to account for transfers from General Fund and related interest or investment earnings; amount appropriated for financial assistance to project sites located within Federal Empowerment Zones or Enterprise communities. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 154. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

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**Firearms Records Keeping Fund** – to account for revenues from firearms registration fees for the purpose of implementing, enhancing and maintaining a state firearms information system. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 152. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund. In FY2004 this activity will be accounted for in a Trust Fund pursuant to Chapter 26 of the Acts of 2003, Section 162.

**Massachusetts Clean Elections Fund** – to account for revenues from the voluntary tax return "check off" on personal tax returns for the purpose of payment to eligible candidates for public financing of campaigns for statewide elective office. This fund was repealed effective July 1, 2003 according to Chapter 26, Acts of 2003, Section 43. All activity will be transferred to and reported in a new trust fund, the State Election Campaign Fund.

**Tobacco Settlement Fund** – to account for the transfer of all designated scheduled payments received by the Commonwealth pursuant to the Master Tobacco Settlement; amounts appropriated for funding health related services and programs intended to control or reduce the use of tobacco in the Commonwealth. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 156. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

**Antitrust Enforcement Fund** – to account for fines, penalties received and expenses paid related to actions brought by the Attorney General in connection with antitrust actions. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 295. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

**Victim and Witness Assistance Fund** - to account for assessments imposed on individuals convicted of crimes; used to make grants to District Attorney's Offices and the Parole Board for programs serving crime victims and witnesses. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 45. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

**Intercity Bus Capital Assistance Fund** – to account for the acquisition of vehicles for inter-city transportation and the revenues and costs associated with their operation. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 442. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

**Motorcycle Safety Fund** – to account for motorcycle registration fees collected to administer motorcycle safety programs. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 35. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

**Drug Analysis Fund** – to account for certain revenues received by the courts resulting from fines; used for the cost of analysis of controlled substances. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 46. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

**Trust Fund for the Head Injury Treatment Services Fund** - to account for revenues from a surcharge on fines resulting from 'driving under the influence' convictions; funds the Massachusetts Rehabilitation Commission's statewide head injury program to develop and maintain non-residential rehabilitation services for head injured persons. In FY2004, pursuant to Chapter 26 of the Acts of 2003, Section 47, this fund will become Non-Budgeted.

**Massachusetts Tourism Fund** - to account for revenues received from hotel taxes; used to fund the Office of Travel and Tourism promotions and the Massachusetts Convention Center Authority.

**Ponkapoag Recreational Fund** – to account for a portion of golf course revenues; used for the capital improvement, purchase of equipment, and maintenance of the golf course. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 137. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

**Leo J. Martin Recreational Fund** – to account for a portion of golf course revenues; used for the capital improvement, purchase of equipment and maintenance of the golf course. This fund was repealed effective June 30,

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2003 according to Chapter 26, Acts of 2003, Section 146. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

***Division of Insurance Fund*** – to account for revenues collected from agent licenses used to fund the cost related to accreditation from the National Association of Insurance Commissioners. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 37. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

***Health Protection Fund*** – to account for a portion of the cigarette tax, penalties, forfeitures, interest, settlements of lawsuits and fines collected in connection with sales of cigarettes; used to supplement existing funding for school health education programs, workplace and community smoking prevention and cessation programs, public service advertising, and for support of community health centers and their programs of prenatal and maternal care. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 145. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

***State Building Management Fund*** – to account for revenue rentals and commissions, such as parking fees and expenditures for the maintenance and operation of the Massachusetts Information Technology Center, the Springfield State Office Building, the State Transportation Building and other facilities. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 139. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

***Reggie Lewis Track and Athletic Center Building Fund*** - to account for revenues from user fees, concession stand commissions and other fees used for equipment repair, maintenance and non-payroll operating expenses of the facility. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 141. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

***Assisted Living Administrative Fund*** – to account for certification fees; used for operating expenses associated with the regulation of Elder Affairs Assisted Living. This fund was repealed effective June 30, 2003 according to

Chapter 26, Acts of 2003, Section 140. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

***Children's and Seniors' Health Care Assistance Fund*** – to account for a portion of the cigarette and smokeless tobacco tax, inventory tax and related investment income; to be appropriated for the provision of medical benefits to expansion beneficiaries and a five year pilot program of pharmacy assistance.

***Diversity Awareness Education Trust Fund*** - to account for fines and related interest or investment earnings from the trial courts from assault and battery cases with the intent to intimidate based on race, color, religion, sexual orientation, nationality or disability; to be appropriated for the purpose of developing and maintaining diversity awareness educational programs and courses for persons convicted of such crimes. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 38. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

***Child Care Fund*** - to account for monies transferred from Transitional Aid to Needy Families Fund; used for the administration of childcare programs under the Office of Child Care Services. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 148. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

***Transitional Aid to Needy Families Fund*** - to account for all federal revenues and reimbursements received by the Commonwealth pursuant to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, effectively ending Aid to Families with Dependent Children (AFDC) and replacing it with Transitional Aid to Needy Families (TANF) block grants. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 147. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

***Social Services Program Fund*** – to account for monies transferred from Transitional Aid to Needy Families Fund, used for the operation of the Department of Social Services. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 149. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

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**Local Consumer Inspection Fund** – to account for all amounts generated from item pricing fines, appropriated to provide financial assistance to eligible local or regional agencies. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 151. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

**Caseload Increase Mitigation Fund** – to account for revenues or other financing sources directed by budget to be appropriated for increased costs due to excessive welfare cases or to accommodate for fluctuations in federal funding for the Department of Transitional Assistance. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 150. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

**Convention and Exhibition Center Fund** – to account for surcharges imposed on tourist tickets, such as cruise and for any land-based sightseeing located in the Commonwealth to finance the construction of a new Boston Convention Center along with centers in Worcester and Springfield. In FY 2004, this fund will become a Non-Budgeted Fund, pursuant to Chapter 26 of the Acts of 2003, Sections 521 and 522.

**Voting Equipment Loan Fund** – to account for transfers from General Fund; loans to municipalities to replace punch card voting systems which shall be repaid to the Commonwealth no later than ten years after such loan is made. This fund was closed as of June 30, 2002.

The following funds have been enacted in legislation but are inactive:

**Danvers State Hospital Reuse** – to account for the first \$100,000 proceeds of sale, lease or other disposition of the Danvers State Hospital Disposition sites and is available for the needs of mental health clients formerly served by the Danvers State Hospital. This fund was repealed effective June 30, 2003, according to Chapter 26 of the Acts of 2003, Section 153.

**Adoption Affordability Assistance Fund** – to account for state appropriations, federal reimbursements, grants and donations from public and private sources to provide funding for below market rate loans to families to adopt children. This program is managed by the Office of Child Care Services. This fund was repealed effective June 30,

2003, according to Chapter 26 of the Acts of 2003, Section 155.

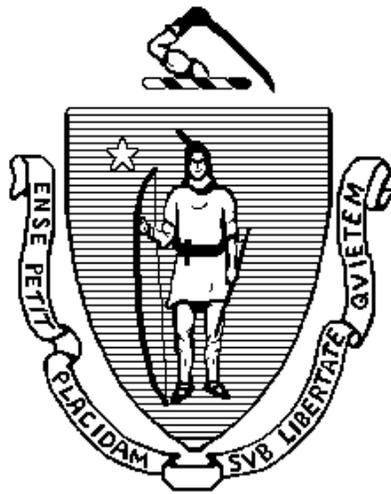
**False Claims Prosecution Fund** – to account for monies received by the Commonwealth related to actions brought by the Attorney General in connection with fraudulent claims for payment. Amounts to be expended for the investigation and prosecution of false claims action. This fund was repealed effective June 30, 2003, according to Chapter 26 of the Acts of 2003, Section 157.

**Collective Bargaining Reserve Fund** - to account for transfers from the general fund, which may be used to fund negotiated contracts for state employees.

**Tax Exemption Escrow Fund** – to reserve for funding of permanent personal income tax cuts enacted by Chapter 175 of the acts of 1998. This fund was repealed effective June 30, 2003, according to Chapter 26 of the Acts of 2003, Section 530.

**Transitional Escrow Fund** – to account for fund set aside per section 46 of Chapter 68 of the Acts of 1999 and subsequently under Chapter 88, Section 36 of the Acts of 2001. This fund was repealed effective June 30, 2003, according to Chapter 26 of the Acts of 2003, Section 536.

**Agricultural Resolve and Security Fund** – to account for funds received for the purpose of fostering agriculture in the Commonwealth, including agricultural education, sustainable agriculture and pollution prevention. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 160. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.



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**Budgeted Funds**  
**Combining Balance Sheet - Statutory Basis**

June 30, 2003 and 2002  
(Amounts in thousands)

<b>ASSETS</b>	<u>General</u>	<u>Highway</u>	<u>Local Aid</u>
Cash and short-term investments.....	\$ 1,208,109	\$ -	\$ -
Cash with fiscal agent.....	-	26,060	-
Receivables, net of allowance for uncollectibles:			
Due from federal government.....	332,305	-	-
Other receivables.....	4,791	-	-
Due from cities and towns.....	4,910	-	-
Due from other funds.....	-	5	-
Total assets.....	<u>\$ 1,550,115</u>	<u>\$ 26,065</u>	<u>\$ -</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Deficiency in cash and short-term investments.....	\$ -	\$ 600,512	\$ -
Accounts payable.....	666,444	10,908	-
Accrued payroll.....	<u>135,825</u>	<u>10,672</u>	<u>-</u>
Total liabilities.....	<u>802,269</u>	<u>622,092</u>	<u>-</u>
Fund balances (deficit):			
Reserved for:			
Continuing appropriations.....	49,402	1,194	-
Commonwealth stabilization.....	-	-	-
Debt service.....	-	26,060	-
Unreserved:			
Undesignated.....	<u>698,444</u>	<u>(623,281)</u>	<u>-</u>
Total fund balances (deficit).....	<u>747,846</u>	<u>(596,027)</u>	<u>-</u>
Total liabilities and fund balances.....	<u>\$ 1,550,115</u>	<u>\$ 26,065</u>	<u>\$ -</u>

Commonwealth Stabilization	Administrative Control	Environmental	Other	Totals (Memorandum only)	
				2003	2002
\$ 641,325	\$ 13,098	\$ 6,691	\$ 126,308	\$ 1,995,531	\$ 3,509,267
-	-	-	-	26,060	27,171
-	-	-	17,583	349,888	231,753
-	-	-	-	4,791	18,010
-	-	-	-	4,910	4,135
-	-	-	-	5	63
<u>\$ 641,325</u>	<u>\$ 13,098</u>	<u>\$ 6,691</u>	<u>\$ 143,891</u>	<u>\$ 2,381,185</u>	<u>\$ 3,790,399</u>
\$ -	\$ -	\$ -	\$ -	\$ 600,512	\$ 1,381,493
-	12,447	350	6,994	697,143	883,467
-	651	207	105	147,460	137,455
-	13,098	557	7,099	1,445,115	2,402,415
-	-	-	79	50,675	168,002
641,325	-	-	-	641,325	881,771
-	-	-	-	26,060	27,171
-	-	6,134	136,713	218,010	311,040
<u>641,325</u>	<u>-</u>	<u>6,134</u>	<u>136,792</u>	<u>936,070</u>	<u>1,387,984</u>
<u>\$ 641,325</u>	<u>\$ 13,098</u>	<u>\$ 6,691</u>	<u>\$ 143,891</u>	<u>\$ 2,381,185</u>	<u>\$ 3,790,399</u>

## Budgeted Funds

### Combining Statements Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis

Fiscal Years Ended June 30, 2003 and 2002

(Amounts in thousands)

	General	Highway	Local Aid	Commonwealth Stabilization
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Taxes.....	\$ 8,644,099	\$ 578,534	\$ 4,785,617	\$ -
Assessments.....	85,631	11,018	-	-
Federal grants and reimbursements.....	3,479,844	1,953	-	-
Departmental.....	733,165	404,105	644	-
Miscellaneous.....	88,752	1,551	-	6,456
Total revenues.....	<u>13,031,491</u>	<u>997,161</u>	<u>4,786,261</u>	<u>6,456</u>
Other financing sources:				
Fringe benefit cost recovery.....	157,406	-	-	-
Lottery reimbursements.....	73,222	-	-	-
Lottery distributions.....	1,000	-	881,197	-
Caseload increase mitigation transfer.....	-	-	-	-
Tobacco settlement transfer.....	-	-	-	-
Operating transfers in.....	368,806	11,700	1,688	186,620
Transfer from (to) transitional escrow.....	-	-	-	-
Stabilization transfer.....	550,000	-	-	75,673
Fund consolidation transfer.....	-	-	1,802,426	170,330
Capital projects funds year end transfer.....	-	-	-	-
Federal reimbursement transfer in.....	-	373	-	-
Transfer for tax reduction.....	-	-	-	-
Total other financing sources.....	<u>1,150,434</u>	<u>12,073</u>	<u>2,685,311</u>	<u>432,623</u>
Total revenues and other financing sources.....	<u>14,181,925</u>	<u>1,009,234</u>	<u>7,471,572</u>	<u>439,079</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Legislature.....	54,873	-	-	-
Judiciary.....	566,183	-	-	-
Inspector General.....	1,826	-	-	-
Governor and Lieutenant Governor.....	5,393	24	-	-
Secretary of the Commonwealth.....	36,404	-	-	-
Treasurer and Receiver-General.....	97,183	1,152	4,961	-
Auditor of the Commonwealth.....	15,577	-	582	-
Attorney General.....	29,249	423	865	-
Ethics Commission.....	630	-	633	-
District Attorney.....	65,113	2,716	-	-
Office of Campaign & Political Finance.....	495	-	498	-
Sheriff's Departments.....	210,178	344	140	-
Disabled Persons Protection Commission.....	1,604	-	-	-
Board of Library Commissioners.....	340	-	2,773	-
Comptroller.....	7,891	-	-	-
Administration and finance.....	969,212	5,425	135,281	-
Environmental affairs.....	53,234	23,114	22,014	-
Communities and development.....	60,810	-	23,617	-
Health and human services.....	3,467,590	-	1,198	-
Transportation and construction.....	17,849	118,128	17,521	-
Education.....	9,735	-	283,814	-
Higher education.....	966,394	-	125	-
Public safety.....	475,276	243,940	146,700	-
Economic development.....	3,586	-	-	-
Elder affairs.....	175,220	-	10,295	-
Consumer affairs.....	31,893	1,966	-	-
Labor.....	30,725	-	43	-
Direct local aid.....	-	-	5,069,377	-
Medicaid.....	4,842,437	-	-	-
Pension.....	283,837	58,748	470,087	-
Debt service:				
Principal retirement.....	362,975	279,869	94,848	-
Interest and fiscal charges.....	250,702	325,065	59,710	-
Total expenditures.....	<u>13,094,414</u>	<u>1,060,914</u>	<u>6,345,082</u>	<u>-</u>
Other financing uses:				
Fringe benefit cost assessment.....	-	24,630	-	-
Operating transfers out.....	230,645	82,188	7,365	-
Tobacco settlement transfer.....	-	-	-	-
Sewer rate relief.....	-	-	-	-
Caseload increase mitigation transfer.....	-	-	-	-
Stabilization transfer.....	75,673	-	-	550,000
Transfer for transitional escrow.....	-	-	-	-
Transfer for capital projects due to debt defeasance.....	-	-	-	-
Transfer for tax reduction.....	-	-	-	-
Fund consolidation transfer.....	1,802,426	-	-	129,525
Total other financing uses.....	<u>2,108,744</u>	<u>106,818</u>	<u>7,365</u>	<u>679,525</u>
Total expenditures and other financing uses.....	<u>15,203,158</u>	<u>1,167,732</u>	<u>6,352,447</u>	<u>679,525</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(1,021,233)	(158,498)	1,119,125	(240,446)
Fund balances (deficit) at beginning of year.....	1,769,079	(437,529)	(1,119,125)	881,771
Fund balances (deficit) at end of year.....	<u>\$ 747,846</u>	<u>\$ (596,027)</u>	<u>\$ -</u>	<u>\$ 641,325</u>

Administrative Control	Environmental	Other	Totals (Memorandum only)	
			2003	2002
\$ -	\$ 8,324	\$ 262,993	\$ 14,279,567	\$ 13,622,710
-	10,420	-	107,069	129,354
147	2,963	1,038,741	4,523,648	4,334,934
111,393	70,160	47,238	1,366,705	1,205,629
-	37,007	4,438	138,204	265,492
<u>111,540</u>	<u>128,874</u>	<u>1,353,410</u>	<u>20,415,193</u>	<u>19,558,119</u>
-	-	-	157,406	161,524
-	-	-	73,222	87,341
-	-	-	882,197	871,136
-	-	5,992	5,992	4,878
-	-	427,802	427,802	154,728
10,575	445	27,714	607,548	515,531
-	-	-	-	579,215
-	-	-	625,673	1,030,000
-	99,227	30,298	2,102,281	-
-	-	-	-	51,369
-	-	-	373	1,902
-	-	-	-	33,605
<u>10,575</u>	<u>99,672</u>	<u>491,806</u>	<u>4,882,494</u>	<u>3,491,229</u>
<u>122,115</u>	<u>228,546</u>	<u>1,845,216</u>	<u>25,297,687</u>	<u>23,049,348</u>
-	-	-	54,873	58,909
-	-	-	566,183	580,057
-	-	-	1,826	1,973
-	-	36	5,453	5,542
117	-	-	36,521	34,693
-	-	469	103,765	119,114
-	-	-	16,159	15,347
-	102	1,484	32,123	35,674
-	-	-	1,263	1,411
-	-	7,727	75,556	81,056
-	-	-	993	1,440
-	-	53	210,715	211,973
-	-	-	1,604	1,708
-	-	-	3,113	6,984
487	-	-	8,378	8,410
97,234	21,101	42,719	1,270,972	1,344,343
418	75,425	3,525	177,730	221,717
-	-	434	84,861	116,790
11,186	6	718,871	4,198,851	4,312,159
341	-	1,432	155,271	145,917
-	-	34,209	327,758	412,846
-	1,765	753	969,037	1,029,516
8,877	168	1,065	876,026	917,982
-	-	23,380	26,966	34,008
-	-	98,054	283,569	273,759
-	-	3,818	37,677	46,872
-	-	27,348	58,116	59,319
-	-	-	5,069,377	5,189,116
-	-	642,675	5,485,112	5,259,275
-	797	-	813,469	795,782
-	-	-	737,692	692,001
-	-	240	635,717	612,734
<u>118,660</u>	<u>99,364</u>	<u>1,608,292</u>	<u>22,326,726</u>	<u>22,628,427</u>
2,385	11,700	9,575	48,290	53,267
3,946	8,605	152,744	485,493	252,049
-	-	162,000	162,000	-
-	-	-	-	58,655
-	-	5,992	5,992	4,878
-	-	-	625,673	1,030,000
-	-	-	-	579,215
-	-	-	-	34,590
-	-	-	-	33,605
-	34,302	129,174	2,095,427	-
<u>6,331</u>	<u>54,607</u>	<u>459,485</u>	<u>3,422,875</u>	<u>2,046,259</u>
<u>124,991</u>	<u>153,971</u>	<u>2,067,777</u>	<u>25,749,601</u>	<u>24,674,686</u>
(2,876)	74,575	(222,561)	(451,914)	(1,625,338)
<u>2,876</u>	<u>(68,441)</u>	<u>359,353</u>	<u>1,387,984</u>	<u>3,013,322</u>
<u>\$ -</u>	<u>\$ 6,134</u>	<u>\$ 136,792</u>	<u>\$ 936,070</u>	<u>\$ 1,387,984</u>

## Budgeted Funds

### Combining Statements Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis - Budget And Actual

Fiscal Year Ended June 30, 2003

(Amounts in thousands)

	General			Highway		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES AND OTHER FINANCING SOURCES</b>						
Revenues:						
Taxes.....	\$ 8,770,450	\$ 8,644,099	\$ (126,351)	\$ 587,390	\$ 578,534	\$ (8,856)
Assessments.....	-	85,631	85,631	-	11,018	11,018
Federal grants and reimbursements.....	3,500,590	3,479,844	(20,746)	10,610	1,953	(8,657)
Departmental.....	1,044,870	733,165	(311,705)	440,750	404,105	(36,645)
Miscellaneous.....	-	88,752	88,752	-	1,551	1,551
Total revenues.....	<u>13,315,910</u>	<u>13,031,491</u>	<u>(284,419)</u>	<u>1,038,750</u>	<u>997,161</u>	<u>(41,589)</u>
Other financing sources:						
Fringe benefit cost recovery.....	-	157,406	157,406	-	-	-
Lottery reimbursements.....	85,706	73,222	(12,484)	-	-	-
Lottery distributions.....	1,000	1,000	-	-	-	-
Caseload increase mitigation transfer.....	-	-	-	-	-	-
Tobacco settlement transfer.....	-	-	-	-	-	-
Operating transfers in.....	119,664	368,806	249,142	3,014	11,700	8,686
Stabilization transfer.....	550,000	550,000	-	-	-	-
Fund consolidation transfer.....	-	-	-	-	-	-
Federal reimbursement transfer in.....	-	-	-	-	373	373
Total other financing sources.....	<u>756,370</u>	<u>1,150,434</u>	<u>394,064</u>	<u>3,014</u>	<u>12,073</u>	<u>9,059</u>
Total revenues and other financing sources.....	<u>14,072,280</u>	<u>14,181,925</u>	<u>109,645</u>	<u>1,041,764</u>	<u>1,009,234</u>	<u>(32,530)</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>						
Expenditures:						
Legislature.....	69,118	54,873	14,245	-	-	-
Judiciary.....	572,728	566,183	6,545	-	-	-
Inspector General.....	1,829	1,826	3	-	-	-
Governor and Lieutenant Governor.....	5,597	5,393	204	28	24	4
Secretary of the Commonwealth.....	36,591	36,404	187	-	-	-
Treasurer and Receiver-General.....	98,883	97,183	1,700	1,179	1,152	27
Auditor of the Commonwealth.....	15,586	15,577	9	-	-	-
Attorney General.....	30,360	29,249	1,111	432	423	9
Ethics Commission.....	630	630	-	-	-	-
District Attorney.....	65,607	65,113	494	2,716	2,716	-
Office of Campaign and Political Finance.....	497	495	2	-	-	-
Sheriff's Departments.....	211,450	210,178	1,272	372	344	28
Disabled Persons Protection Commission.....	1,660	1,604	56	-	-	-
Board of Library Commissioners.....	365	340	25	-	-	-
Comptroller.....	7,925	7,891	34	-	-	-
Administration and finance.....	1,031,352	969,212	62,140	5,646	5,425	221
Environmental affairs.....	54,791	53,234	1,557	24,394	23,114	1,280
Communities and development.....	67,347	60,810	6,537	-	-	-
Health and human services.....	3,538,833	3,467,590	71,243	-	-	-
Transportation and construction.....	20,083	17,849	2,234	123,247	118,128	5,119
Education.....	12,981	9,735	3,246	-	-	-
Higher education.....	992,272	966,394	25,878	-	-	-
Public safety.....	483,541	475,276	8,265	249,136	243,940	5,196
Economic development.....	3,771	3,586	185	-	-	-
Elder affairs.....	176,212	175,220	992	-	-	-
Consumer affairs.....	34,006	31,893	2,113	2,079	1,966	113
Labor.....	36,091	30,725	5,366	-	-	-
Direct local aid.....	-	-	-	-	-	-
Medicaid.....	4,845,557	4,842,437	3,120	-	-	-
Pension.....	283,903	283,837	66	58,762	58,748	14
Debt service:						
Principal retirement.....	367,961	362,975	4,986	283,713	279,869	3,844
Interest and fiscal charges.....	265,582	250,702	14,880	343,541	325,065	18,476
Total expenditures.....	<u>13,333,109</u>	<u>13,094,414</u>	<u>238,695</u>	<u>1,095,245</u>	<u>1,060,914</u>	<u>34,331</u>
Other financing uses:						
Fringe benefit cost assessment.....	-	-	-	-	24,630	(24,630)
Tobacco settlement transfer.....	-	-	-	-	-	-
Operating transfers out.....	230,645	230,645	-	82,188	82,188	-
Caseload increase mitigation transfer.....	-	-	-	-	-	-
Stabilization transfer.....	-	75,673	(75,673)	-	-	-
Fund consolidation transfer.....	-	1,802,426	(1,802,426)	-	-	-
Total other financing uses.....	<u>230,645</u>	<u>2,108,744</u>	<u>(1,878,099)</u>	<u>82,188</u>	<u>106,818</u>	<u>(24,630)</u>
Total expenditures and other financing uses.....	<u>13,563,754</u>	<u>15,203,158</u>	<u>(1,639,404)</u>	<u>1,177,433</u>	<u>1,167,732</u>	<u>9,701</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....						
	508,526	(1,021,233)	(1,529,759)	(135,669)	(158,498)	(22,829)
Fund balances (deficit) at beginning of year.....	1,769,079	1,769,079	-	(437,529)	(437,529)	-
Fund balances (deficit) at end of year.....	<u>\$ 2,277,605</u>	<u>\$ 747,846</u>	<u>\$ (1,529,759)</u>	<u>\$ (573,198)</u>	<u>\$ (596,027)</u>	<u>\$ (22,829)</u>

Local Aid			Commonwealth Stabilization			Administrative Control		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 4,911,020	\$ 4,785,617	\$ (125,403)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	147	147
1,880	644	(1,236)	-	-	-	969	111,393	110,424
-	-	-	34,000	6,456	(27,544)	-	-	-
4,912,900	4,786,261	(126,639)	34,000	6,456	(27,544)	969	111,540	110,571
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
856,710	881,197	24,487	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	1,688	1,688	-	186,620	186,620	-	10,575	10,575
-	-	-	-	75,673	75,673	-	-	-
-	1,802,426	1,802,426	-	170,330	170,330	-	-	-
-	-	-	-	-	-	-	-	-
856,710	2,685,311	1,828,601	-	432,623	432,623	-	10,575	10,575
5,769,610	7,471,572	1,701,962	34,000	439,079	405,079	969	122,115	121,146
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	121	117	4
5,383	4,961	422	-	-	-	-	-	-
584	582	2	-	-	-	-	-	-
882	865	17	-	-	-	-	-	-
633	633	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
499	498	1	-	-	-	-	-	-
147	140	7	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
2,982	2,773	209	-	-	-	-	-	-
-	-	-	-	-	-	489	487	2
178,553	135,281	43,272	-	-	-	102,858	97,234	5,624
26,378	22,014	4,364	-	-	-	432	418	14
29,994	23,617	6,377	-	-	-	-	-	-
1,363	1,198	165	-	-	-	11,377	11,186	191
19,705	17,521	2,184	-	-	-	356	341	15
334,125	283,814	50,311	-	-	-	-	-	-
125	125	-	-	-	-	-	-	-
149,387	146,700	2,687	-	-	-	8,898	8,877	21
-	-	-	-	-	-	-	-	-
10,417	10,295	122	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
43	43	-	-	-	-	-	-	-
5,184,610	5,069,377	115,233	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
470,087	470,087	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
96,151	94,848	1,303	-	-	-	-	-	-
60,530	59,710	820	-	-	-	-	-	-
6,572,578	6,345,082	227,496	-	-	-	124,531	118,660	5,871
-	-	-	-	-	-	-	2,385	(2,385)
-	-	-	-	-	-	-	-	-
7,365	7,365	-	-	-	-	3,946	3,946	-
-	-	-	550,000	550,000	-	-	-	-
-	-	-	-	129,525	(129,525)	-	-	-
7,365	7,365	-	550,000	679,525	(129,525)	3,946	6,331	(2,385)
6,579,943	6,352,447	227,496	550,000	679,525	(129,525)	128,477	124,991	3,486
(810,333)	1,119,125	1,929,458	(516,000)	(240,446)	275,554	(127,508)	(2,876)	124,632
(1,119,125)	(1,119,125)	-	881,771	881,771	-	2,876	2,876	-
\$ (1,929,458)	\$ -	\$ 1,929,458	\$ 365,771	\$ 641,325	\$ 275,554	\$ (124,632)	\$ -	\$ 124,632

## Budgeted Funds

### Combining Statement Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis - Budget And Actual

Fiscal Year Ended June 30, 2003

(Amounts in thousands)

	Environmental			Other		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES AND OTHER FINANCING SOURCES</b>						
Revenues:						
Taxes.....	\$ 8,480	\$ 8,324	\$ (156)	\$ 294,400	\$ 262,993	\$ (31,407)
Assessments.....	2,108	10,420	8,312	-	-	-
Federal grants and reimbursements.....	4,016	2,963	(1,053)	1,157,804	1,038,741	(119,063)
Departmental.....	71,246	70,160	(1,086)	52,831	47,238	(5,593)
Miscellaneous.....	30,490	37,007	6,517	4,956	4,438	(518)
Total revenues.....	<u>116,340</u>	<u>128,874</u>	<u>12,534</u>	<u>1,509,991</u>	<u>1,353,410</u>	<u>(156,581)</u>
Other financing sources:						
Fringe benefit cost recovery.....	-	-	-	-	-	-
Lottery reimbursements.....	-	-	-	-	-	-
Lottery distributions.....	-	-	-	-	-	-
Caseload increase mitigation transfer.....	-	-	-	-	5,992	5,992
Tobacco settlement transfer.....	-	-	-	420,000	427,802	7,802
Operating transfers in.....	490	445	(45)	27,714	27,714	-
Stabilization transfer.....	-	-	-	-	-	-
Fund consolidation transfer.....	-	99,227	99,227	-	30,298	30,298
Federal reimbursement transfer in.....	-	-	-	-	-	-
Total other financing sources.....	<u>490</u>	<u>99,672</u>	<u>99,182</u>	<u>447,714</u>	<u>491,806</u>	<u>44,092</u>
Total revenues and other financing sources.....	<u>116,830</u>	<u>228,546</u>	<u>111,716</u>	<u>1,957,705</u>	<u>1,845,216</u>	<u>(112,489)</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>						
Expenditures:						
Legislature.....	-	-	-	-	-	-
Judiciary.....	-	-	-	-	-	-
Inspector General.....	-	-	-	-	-	-
Governor and Lieutenant Governor.....	-	-	-	36	36	-
Secretary of the Commonwealth.....	-	-	-	-	-	-
Treasurer and Receiver-General.....	-	-	-	469	469	-
Auditor of the Commonwealth.....	-	-	-	-	-	-
Attorney General.....	107	102	5	1,534	1,484	50
Ethics Commission.....	-	-	-	-	-	-
District Attorney.....	-	-	-	7,781	7,727	54
Office of Campaign & Political Finance.....	-	-	-	-	-	-
Sheriff's Departments.....	-	-	-	54	53	1
Disabled Persons Protection Commission.....	-	-	-	-	-	-
Board of Library Commissioners.....	-	-	-	-	-	-
Comptroller.....	-	-	-	-	-	-
Administration and finance.....	22,827	21,101	1,726	53,277	42,719	10,558
Environmental affairs.....	84,828	75,425	9,403	4,075	3,525	550
Communities and development.....	-	-	-	435	434	1
Health and human services.....	6	6	-	780,027	718,871	61,156
Transportation and construction.....	-	-	-	1,442	1,432	10
Education.....	-	-	-	38,312	34,209	4,103
Higher education.....	1,797	1,765	32	763	753	10
Public safety.....	176	168	8	1,245	1,065	180
Economic development.....	-	-	-	31,647	23,380	8,267
Elder affairs.....	-	-	-	110,367	98,054	12,313
Consumer affairs.....	-	-	-	4,030	3,818	212
Labor.....	-	-	-	49,722	27,348	22,374
Direct local aid.....	-	-	-	-	-	-
Medicaid.....	-	-	-	661,012	642,675	18,337
Pension.....	797	797	-	-	-	-
Debt service:						
Principal retirement.....	-	-	-	-	-	-
Interest and fiscal charges.....	-	-	-	243	240	3
Total expenditures.....	<u>110,538</u>	<u>99,364</u>	<u>11,174</u>	<u>1,746,471</u>	<u>1,608,292</u>	<u>138,179</u>
Other financing uses:						
Fringe benefit cost assessment.....	-	11,700	(11,700)	-	9,575	(9,575)
Tobacco settlement transfer.....	-	-	-	162,000	162,000	-
Operating transfers out.....	8,605	8,605	-	152,744	152,744	-
Caseload increase mitigation transfer.....	-	-	-	5,992	5,992	-
Stabilization transfer.....	-	-	-	-	-	-
Fund consolidation transfer.....	-	34,302	(34,302)	-	129,174	(129,174)
Total other financing uses.....	<u>8,605</u>	<u>54,607</u>	<u>(46,002)</u>	<u>320,736</u>	<u>459,485</u>	<u>(138,749)</u>
Total expenditures and other financing uses.....	<u>119,143</u>	<u>153,971</u>	<u>(34,828)</u>	<u>2,067,207</u>	<u>2,067,777</u>	<u>(570)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(2,313)	74,575	76,888	(109,502)	(222,561)	(113,059)
Fund balances (deficit) at beginning of year.....	(68,441)	(68,441)	-	359,353	359,353	-
Fund balances (deficit) at end of year.....	<u>\$ (70,754)</u>	<u>\$ 6,134</u>	<u>\$ 76,888</u>	<u>\$ 249,851</u>	<u>\$ 136,792</u>	<u>\$ (113,059)</u>

Totals (Memorandum only)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 14,571,740	\$ 14,279,567	\$ (292,173)
2,108	107,069	104,961
4,673,020	4,523,648	(149,372)
1,612,546	1,366,705	(245,841)
69,446	138,204	68,758
<u>20,928,860</u>	<u>20,415,193</u>	<u>(513,667)</u>
-	157,406	157,406
85,706	73,222	(12,484)
857,710	882,197	24,487
-	5,992	5,992
420,000	427,802	7,802
150,882	607,548	456,666
550,000	625,673	75,673
-	2,102,281	2,102,281
-	373	373
<u>2,064,298</u>	<u>4,882,494</u>	<u>2,818,196</u>
<u>22,993,158</u>	<u>25,297,687</u>	<u>2,304,529</u>
69,118	54,873	14,245
572,728	566,183	6,545
1,829	1,826	3
5,661	5,453	208
36,712	36,521	191
105,914	103,765	2,149
16,170	16,159	11
33,315	32,123	1,192
1,263	1,263	-
76,104	75,556	548
996	993	3
212,023	210,715	1,308
1,660	1,604	56
3,347	3,113	234
8,414	8,378	36
1,394,513	1,270,972	123,541
194,898	177,730	17,168
97,776	84,861	12,915
4,331,606	4,198,851	132,755
164,833	155,271	9,562
385,418	327,758	57,660
994,957	969,037	25,920
892,383	876,026	16,357
35,418	26,966	8,452
296,996	283,569	13,427
40,115	37,677	2,438
85,856	58,116	27,740
5,184,610	5,069,377	115,233
5,506,569	5,485,112	21,457
813,549	813,469	80
<u>747,825</u>	<u>737,692</u>	<u>10,133</u>
<u>669,896</u>	<u>635,717</u>	<u>34,179</u>
<u>22,982,472</u>	<u>22,326,726</u>	<u>655,746</u>
-	48,290	(48,290)
162,000	162,000	-
485,493	485,493	-
5,992	5,992	-
550,000	625,673	(75,673)
-	2,095,427	(2,095,427)
<u>1,203,485</u>	<u>3,422,875</u>	<u>(2,219,390)</u>
<u>24,185,957</u>	<u>25,749,601</u>	<u>(1,563,644)</u>
(1,192,799)	(451,914)	740,885
<u>1,387,984</u>	<u>1,387,984</u>	<u>-</u>
<u>\$ 195,185</u>	<u>\$ 936,070</u>	<u>\$ 740,885</u>

**General Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 1,208,109	\$ 2,300,023
Receivables, net of allowance for uncollectibles:		
Due from federal government.....	332,305	122,043
Other receivables.....	4,791	12,611
Due from cities and towns.....	4,910	3,578
Total assets.....	\$ 1,550,115	\$ 2,438,255
 <b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 666,444	\$ 562,852
Accrued payroll.....	135,825	106,324
Total liabilities.....	802,269	669,176
Fund balance:		
Reserved fund balance:		
Reserved for continuing appropriations.....	49,402	83,078
Unreserved fund balance (deficit):		
Undesignated.....	698,444	1,686,001
Total fund balance (deficit).....	747,846	1,769,079
Total liabilities and fund balance.....	\$ 1,550,115	\$ 2,438,255

**General Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

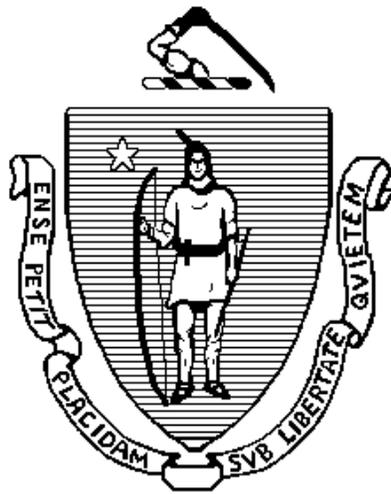
	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Taxes.....	\$ 8,770,450	\$ 8,644,099	\$ (126,351)	\$ 8,154,964
Assessments.....	-	85,631	85,631	95,791
Federal grants and reimbursements.....	3,500,590	3,479,844	(20,746)	3,297,387
Departmental.....	1,044,870	733,165	(311,705)	634,190
Miscellaneous.....	-	88,752	88,752	96,633
Total revenues.....	<u>13,315,910</u>	<u>13,031,491</u>	<u>(284,419)</u>	<u>12,278,965</u>
Other financing sources:				
Fringe benefit cost recovery.....	-	157,406	157,406	161,524
Lottery reimbursements.....	85,706	73,222	(12,484)	87,341
Lottery distributions.....	1,000	1,000	-	1,000
Operating transfers in.....	119,664	368,806	249,142	418,015
Stabilization transfers.....	550,000	550,000	-	1,030,000
Capital projects funds year end transfer.....	-	-	-	51,369
Transfer for tax reduction.....	-	-	-	33,605
Transfer from transitional escrow.....	-	-	-	422,000
Total other financing sources.....	<u>756,370</u>	<u>1,150,434</u>	<u>394,064</u>	<u>2,204,854</u>
Total revenues and other financing sources.....	<u>14,072,280</u>	<u>14,181,925</u>	<u>109,645</u>	<u>14,483,819</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Legislature.....	69,118	54,873	14,245	58,909
Judiciary.....	572,728	566,183	6,545	580,053
Inspector General.....	1,829	1,826	3	1,973
Governor and Lieutenant Governor.....	5,597	5,393	204	5,542
Secretary of the Commonwealth.....	36,591	36,404	187	34,572
Treasurer and Receiver-General.....	98,883	97,183	1,700	112,548
Auditor of the Commonwealth.....	15,586	15,577	9	14,688
Attorney General.....	30,360	29,249	1,111	32,488
Ethics Commission.....	630	630	-	704
District Attorney.....	65,607	65,113	494	69,112
Office of Campaign and Political Finance.....	497	495	2	541
Sheriff's Departments.....	211,450	210,178	1,272	211,299
Disabled Persons Protection Commission.....	1,660	1,604	56	1,708
Board of Library Commissioners.....	365	340	25	3,813
Comptroller.....	7,925	7,891	34	7,895

## General Fund

### Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
Expenditures (continued):				
Administration and finance.....	1,031,352	969,212	62,140	990,633
Environmental affairs.....	54,791	53,234	1,557	73,712
Communities and development.....	67,347	60,810	6,537	81,873
Health and human services.....	3,538,833	3,467,590	71,243	3,549,441
Transportation and construction.....	20,083	17,849	2,234	20,827
Education.....	12,981	9,735	3,246	21,342
Higher education.....	992,272	966,394	25,878	1,026,585
Public safety.....	483,541	475,276	8,265	487,270
Economic development.....	3,771	3,586	185	8,730
Elder affairs.....	176,212	175,220	992	174,430
Consumer affairs.....	34,006	31,893	2,113	40,731
Labor.....	36,091	30,725	5,366	40,492
Medicaid.....	4,845,557	4,842,437	3,120	4,645,236
Pension.....	283,903	283,837	66	278,162
Debt service:				
Principal retirement.....	367,961	362,975	4,986	306,975
Interest and fiscal charges.....	265,582	250,702	14,880	250,662
Total expenditures.....	<u>13,333,109</u>	<u>13,094,414</u>	<u>238,695</u>	<u>13,132,946</u>
Other financing uses:				
Caseload increase mitigation transfer.....	-	-	-	401
Transfer for capital projects due to debt defeasance.....	-	-	-	33,718
Operating transfers out.....	230,645	230,645	-	141,106
Stabilization transfer.....	-	75,673	(75,673)	-
Fund consolidation transfer.....	-	1,802,426	(1,802,426)	-
Total other financing uses.....	<u>230,645</u>	<u>2,108,744</u>	<u>(1,878,099)</u>	<u>175,225</u>
Total expenditures and other financing uses.....	<u>13,563,754</u>	<u>15,203,158</u>	<u>(1,639,404)</u>	<u>13,308,171</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	508,526	(1,021,233)	(1,529,759)	1,175,648
Fund balance (deficit) at beginning of year.....	<u>1,769,079</u>	<u>1,769,079</u>	<u>-</u>	<u>593,431</u>
Fund balance (deficit) at end of year.....	<u>\$ 2,277,605</u>	<u>\$ 747,846</u>	<u>\$ (1,529,759)</u>	<u>\$ 1,769,079</u>



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**Highway Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash with fiscal agent.....	\$ 26,060	\$ 27,171
Due from other funds.....	5	63
Total assets.....	\$ 26,065	\$ 27,234
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 600,512	\$ 443,185
Accounts payable.....	10,908	11,408
Accrued payroll.....	10,672	10,170
Total liabilities.....	622,092	464,763
Fund balance:		
Reserved fund balance:		
Reserved for continuing appropriations.....	1,194	2,185
Reserved for debt service.....	26,060	27,171
Unreserved fund balance (deficit):		
Undesignated.....	(623,281)	(466,885)
Total fund balance (deficit).....	(596,027)	(437,529)
Total liabilities and fund balance.....	\$ 26,065	\$ 27,234

**Highway Fund**  
**Statement of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Taxes.....	\$ 587,390	\$ 578,534	\$ (8,856)	\$ 570,134
Assessments.....	-	11,018	11,018	9,728
Federal grants and reimbursements.....	10,610	1,953	(8,657)	669
Departmental.....	440,750	404,105	(36,645)	343,964
Miscellaneous.....	-	1,551	1,551	77,785
Total revenues.....	<u>1,038,750</u>	<u>997,161</u>	<u>(41,589)</u>	<u>1,002,280</u>
Other financing sources:				
Operating transfers in.....	3,014	11,700	8,686	5,700
Federal reimbursement transfer in .....	-	373	373	1,902
Total other financing sources.....	<u>3,014</u>	<u>12,073</u>	<u>9,059</u>	<u>7,602</u>
Total revenues and other financing sources.....	<u>1,041,764</u>	<u>1,009,234</u>	<u>(32,530)</u>	<u>1,009,882</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Governor and Lieutenant Governor.....	28	24	4	-
Treasurer and Receiver-General.....	1,179	1,152	27	1,182
Attorney General.....	432	423	9	453
District Attorney.....	2,716	2,716	-	3,304
Sheriff's Departments.....	372	344	28	397
Administration and finance.....	5,646	5,425	221	5,941
Environmental affairs.....	24,394	23,114	1,280	27,513
Transportation and construction.....	123,247	118,128	5,119	101,062
Public safety.....	249,136	243,940	5,196	255,009
Consumer affairs.....	2,079	1,966	113	2,052
Direct local aid.....	-	-	-	10,868
Pension.....	58,762	58,748	14	57,581
Debt service:				
Principal retirement.....	283,713	279,869	3,844	305,922
Interest and fiscal charges.....	343,541	325,065	18,476	293,834
Total expenditures.....	<u>1,095,245</u>	<u>1,060,914</u>	<u>34,331</u>	<u>1,065,118</u>
Other financing uses:				
Fringe benefit cost assessment.....	-	24,630	(24,630)	30,641
Operating transfers out.....	82,188	82,188	-	72,467
Transfer for capital projects due to debt defeasance.....	-	-	-	671
Total other financing uses.....	<u>82,188</u>	<u>106,818</u>	<u>(24,630)</u>	<u>103,779</u>
Total expenditures and other financing uses.....	<u>1,177,433</u>	<u>1,167,732</u>	<u>9,701</u>	<u>1,168,897</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(135,669)	(158,498)	(22,829)	(159,015)
Fund balance (deficit) at beginning of year.....	<u>(437,529)</u>	<u>(437,529)</u>	-	<u>(278,514)</u>
Fund balance (deficit) at end of year.....	<u>\$ (573,198)</u>	<u>\$ (596,027)</u>	<u>\$ (22,829)</u>	<u>\$ (437,529)</u>

**Infrastructure Fund (Subfund Of Highway Fund)**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 1,275,108	\$ 1,132,629
Cash with fiscal agent.....	26,060	27,171
Total assets.....	\$ 1,301,168	\$ 1,159,800
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Reserved fund balance:		
Reserved for debt service.....	26,060	27,171
Unreserved fund balance (deficit):		
Undesignated.....	1,275,108	1,132,629
Total fund balance (deficit).....	1,301,168	1,159,800
Total liabilities and fund balance.....	\$ 1,301,168	\$ 1,159,800

Note: The Infrastructure Fund was established by Section 16 of Chapter 121, Acts of 1990 as a subfund of the Highway Fund, and it is a component of, not an addition to, that fund. The entire Highway Fund, including this subfund, is presented in the preceding financial statements labeled Highway Fund.

**Infrastructure Fund (Subfund Of Highway Fund)**  
**Statement of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 <u>Budget</u>	2003 <u>Actual</u>	Variance Favorable (Unfavorable)	2002 <u>Actual</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Taxes.....	\$ 194,232	\$ 194,232	-	\$ 191,559
Miscellaneous.....	266	266	-	756
Total revenues.....	<u>194,498</u>	<u>194,498</u>	<u>-</u>	<u>192,315</u>
Other financing sources:				
Operating transfers in.....	-	6,000	6,000	-
Total other financing sources.....	<u>-</u>	<u>6,000</u>	<u>6,000</u>	<u>-</u>
Total revenues and other financing sources.....	<u>194,498</u>	<u>200,498</u>	<u>6,000</u>	<u>192,315</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Debt service:				
Principal retirement.....	24,865	24,865	-	23,415
Interest and fiscal charges.....	27,258	27,258	-	28,708
Total expenditures.....	<u>52,123</u>	<u>52,123</u>	<u>-</u>	<u>52,123</u>
Other financing uses:				
Operating transfers out.....	7,007	7,007	-	-
Total other financing uses.....	<u>7,007</u>	<u>7,007</u>	<u>-</u>	<u>-</u>
Total expenditures and other financing uses.....	<u>59,130</u>	<u>59,130</u>	<u>-</u>	<u>52,123</u>
Excess (deficiency) of revenues and other financing over expenditures and other financing uses.....	135,368	141,368	6,000	140,192
Fund balance (deficit) at beginning of year.....	<u>1,159,800</u>	<u>1,159,800</u>	<u>-</u>	<u>1,019,608</u>
Fund balance (deficit) at end of year.....	<u>\$ 1,295,168</u>	<u>\$ 1,301,168</u>	<u>\$ 6,000</u>	<u>\$ 1,159,800</u>

Note: The Infrastructure Fund was established by Section 16 of Chapter 121, Acts of 1990 as a subfund of the Highway Fund, and it is a component of, not an addition to, that fund. The entire Highway Fund, including this subfund, is presented in the preceding financial statements labeled Highway Fund.

**Local Aid Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Due from cities and towns.....	\$ -	\$ 557
Total assets.....	\$ -	\$ 557
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ -	\$ 878,172
Accounts payable.....	-	223,352
Accrued payroll.....	-	18,158
Total liabilities.....	-	1,119,682
Fund balance:		
Reserved fund balance:		
Reserved for continuing appropriations.....	-	28,284
Unreserved fund balance (deficit):		
Undesignated.....	-	(1,147,409)
Total fund balance (deficit).....	-	(1,119,125)
Total liabilities and fund balance.....	\$ -	\$ 557

**Local Aid Fund**  
**Statement of Revenues, Expenditures And Changes in Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Taxes.....	\$ 4,911,020	\$ 4,785,617	\$ (125,403)	\$ 4,610,190
Departmental.....	1,880	644	(1,236)	2,244
Total revenues.....	<u>4,912,900</u>	<u>4,786,261</u>	<u>(126,639)</u>	<u>4,612,434</u>
Other financing sources:				
Lottery distributions.....	856,710	881,197	24,487	870,136
Operating transfers in .....	-	1,688	1,688	852
Fund consolidation transfer .....	-	1,802,426	1,802,426	-
Total other financing sources.....	<u>856,710</u>	<u>2,685,311</u>	<u>1,828,601</u>	<u>870,988</u>
Total revenues and other financing sources.....	<u>5,769,610</u>	<u>7,471,572</u>	<u>1,701,962</u>	<u>5,483,422</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Treasurer and Receiver-General.....	5,383	4,961	422	4,981
Auditor of the Commonwealth.....	584	582	2	659
Attorney General.....	882	865	17	956
Ethics Commission.....	633	633	-	707
Office of Campaign and Political Finance.....	499	498	1	543
Sheriff's Departments.....	147	140	7	141
Board of Library Commissioners.....	2,982	2,773	209	3,171
Administration and finance.....	178,553	135,281	43,272	163,477
Environmental affairs.....	26,378	22,014	4,364	27,834
Communities and development.....	29,994	23,617	6,377	34,616
Health and human services.....	1,363	1,198	165	1,415
Transportation and construction.....	19,705	17,521	2,184	20,305
Education.....	334,125	283,814	50,311	330,435
Higher education.....	125	125	-	-
Public safety.....	149,387	146,700	2,687	157,088
Economic development.....	-	-	-	744
Elder affairs.....	10,417	10,295	122	11,171
Labor.....	43	43	-	-
Direct local aid.....	5,184,610	5,069,377	115,233	5,178,248
Pension.....	470,087	470,087	-	459,261
Debt service:				
Principal retirement.....	96,151	94,848	1,303	79,104
Interest and fiscal charges.....	60,530	59,710	820	68,102
Total expenditures.....	<u>6,572,578</u>	<u>6,345,082</u>	<u>227,496</u>	<u>6,542,958</u>
Other financing uses:				
Operating transfers out.....	7,365	7,365	-	18,956
Sewer rate relief.....	-	-	-	58,655
Transfer for capital projects due to debt defeasance.....	-	-	-	201
Total other financing uses.....	<u>7,365</u>	<u>7,365</u>	<u>-</u>	<u>77,812</u>
Total expenditures and other financing uses.....	<u>6,579,943</u>	<u>6,352,447</u>	<u>227,496</u>	<u>6,620,770</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(810,333)	1,119,125	(1,929,458)	(1,137,348)
Fund balance (deficit) at beginning of year.....	(1,119,125)	(1,119,125)	-	18,223
Fund balance (deficit) at end of year.....	<u>\$ (1,929,458)</u>	<u>\$ -</u>	<u>\$ (1,929,458)</u>	<u>\$ (1,119,125)</u>

**Commonwealth Stabilization Fund**  
**Balance Sheet- Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 641,325	\$ 881,771
Total assets.....	\$ 641,325	\$ 881,771
<b>LIABILITIES AND FUND EQUITY</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Reserved fund balance:		
Reserved for stabilization.....	641,325	881,771
Total fund balance (deficit).....	641,325	881,771
Total liabilities and fund balance.....	\$ 641,325	\$ 881,771

**Commonwealth Stabilization Fund**  
Statement of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Miscellaneous.....	\$ 34,000	\$ 6,456	\$ (27,544)	\$ 39,566
Total revenues.....	<u>34,000</u>	<u>6,456</u>	<u>(27,544)</u>	<u>39,566</u>
Other financing sources:				
Transfer from transitional escrow.....	-	-	-	157,215
Stabilization transfer.....	-	75,673	75,673	-
Operating transfer in.....	-	186,620	186,620	-
Fund consolidation transfer.....	-	170,330	170,330	-
Total other financing sources.....	<u>-</u>	<u>432,623</u>	<u>432,623</u>	<u>157,215</u>
Total revenues and other financing sources.....	<u>34,000</u>	<u>439,079</u>	<u>405,079</u>	<u>196,781</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Administration and finance.....	-	-	-	-
Total expenditures.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing uses:				
Stabilization transfer.....	550,000	550,000	-	1,030,000
Fund consolidation transfer.....	-	129,525	(129,525)	-
Total other financing uses.....	<u>550,000</u>	<u>679,525</u>	<u>(129,525)</u>	<u>1,030,000</u>
Total expenditures and other financing uses.....	<u>550,000</u>	<u>679,525</u>	<u>(129,525)</u>	<u>1,030,000</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(516,000)	(240,446)	275,554	(833,219)
Fund balance (deficit) at beginning of year.....	<u>881,771</u>	<u>881,771</u>	<u>-</u>	<u>1,714,990</u>
Fund balance (deficit) at end of year.....	<u>\$ 365,771</u>	<u>\$ 641,325</u>	<u>\$ 275,554</u>	<u>\$ 881,771</u>

**Tax Reduction Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	\$ -	\$ -
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Reserved fund balance:		
Reserved for tax reduction.....	-	-
Total fund balance (deficit) .....	-	-
Total liabilities and fund balance.....	\$ -	\$ -

**Tax Reduction Fund**  
**Statement of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Miscellaneous.....	\$ -	\$ -	\$ -	\$ 40
Total revenues.....	-	-	-	40
Other financing sources:				
Transfer for tax reduction.....	-	-	-	-
Total other financing sources.....	-	-	-	-
Total revenues and other financing sources.....	-	-	-	40
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Administration and finance.....	-	-	-	-
Total expenditures.....	-	-	-	-
Other financing uses:				
Transfer for tax reduction.....	-	-	-	33,605
Total other financing uses.....	-	-	-	33,605
Total expenditures and other financing uses.....	-	-	-	33,605
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	-	-	-	(33,565)
Fund balance (deficit) at beginning of year.....	-	-	-	33,565
Fund balance (deficit) at end of year.....	\$ -	\$ -	\$ -	\$ -

**Intragovernmental Service Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 13,098	\$ 13,400
Total assets.....	\$ 13,098	\$ 13,400
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 12,447	\$ 11,543
Accrued payroll.....	651	775
Total liabilities.....	13,098	12,318
Fund balance:		
Reserved fund balance:		
Reserved for continuing appropriations.....	-	1,082
Total fund balance (deficit) .....	-	1,082
Total liabilities and fund balance.....	\$ 13,098	\$ 13,400

**Intragovernmental Service Fund**  
**Statement of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Departmental.....	\$ -	\$ 110,362	\$ 110,362	\$ 112,702
Total revenues.....	-	110,362	110,362	112,702
Other financing sources:				
Operating transfers in.....	-	10,575	10,575	8,518
Total other financing sources.....	-	10,575	10,575	8,518
Total revenues and other financing sources.....	-	120,937	120,937	121,220
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Secretary of the Commonwealth.....	121	117	4	121
Administration and finance.....	101,322	97,227	4,095	95,696
Environmental affairs.....	432	418	14	404
Health and human services.....	10,102	10,052	50	9,087
Transportation and construction.....	356	341	15	267
Public safety.....	8,898	8,877	21	12,284
Total expenditures.....	121,231	117,032	4,199	117,859
Other financing uses:				
Fringe benefit cost assessment.....	-	2,300	(2,300)	1,599
Operating transfers out.....	2,687	2,687	-	1,119
Total other financing uses.....	2,687	4,987	(2,300)	2,718
Total expenditures and other financing uses.....	123,918	122,019	1,899	120,577
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....				
	(123,918)	(1,082)	122,836	643
Fund balance (deficit) at beginning of year.....	1,082	1,082	-	439
Fund balance (deficit) at end of year.....	\$(122,836)	\$ -	\$ 122,836	\$ 1,082

**Revenue Maximization Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ 2,592
Total assets.....	\$ -	\$ 2,592
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ 798
Total liabilities.....	-	798
Fund balance:		
Reserved fund balance:		
Reserved for continuing appropriations.....	-	1,794
Total fund balance (deficit) .....	-	1,794
Total liabilities and fund balance.....	\$ -	\$ 2,592

**Revenue Maximization Fund**  
**Statement of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003

(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Federal grants and reimbursements.....	\$ -	\$ 147	\$ 147	\$ 6,026
Departmental.....	969	1,031	62	1,541
Total revenues.....	969	1,178	209	7,567
Other financing sources:				
Operating transfers in.....	-	-	-	-
Total other financing sources.....	-	-	-	-
Total revenues and other financing sources.....	969	1,178	209	7,567
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Sheriff's Departments.....	-	-	-	56
Comptroller.....	489	487	2	515
Administration and finance.....	1,535	7	1,528	664
Environmental affairs.....	-	-	-	4
Health and human services.....	1,274	1,134	140	1,608
Transportation and construction.....	-	-	-	97
Higher education.....	-	-	-	34
Elder affairs.....	-	-	-	9
Total expenditures.....	3,298	1,628	1,670	2,987
Other financing uses:				
Fringe benefit cost assessment.....	-	85	(85)	87
Operating transfers out.....	1,259	1,259	-	6,602
Total other financing uses.....	1,259	1,344	(85)	6,689
Total expenditures and other financing uses.....	4,557	2,972	1,585	9,676
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(3,588)	(1,794)	1,794	(2,109)
Fund balance (deficit) at beginning of year.....	1,794	1,794	-	3,903
Fund balance (deficit) at end of year.....	\$ (1,794)	\$ -	\$ 1,794	\$ 1,794

**Transitional Escrow Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	\$ -	\$ -
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Reserved fund balance:		
Reserved for transitional escrow.....	-	-
Total fund balance (deficit).....	-	-
Total liabilities and fund balance.....	\$ -	\$ -

**Transitional Escrow Fund**

Statement of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003

(Amounts in thousands)

	<u>2003 Budget</u>	<u>2003 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2002 Actual</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Miscellaneous.....	\$ -	\$ -	\$ -	\$ -
Total revenues.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources:				
Transfers for transitional escrow.....	-	-	-	-
Total other financing sources.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Administration and finance.....	-	-	-	-
Total expenditures.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing uses:				
Transfers for transitional escrow.....	-	-	-	579,215
Total other financing uses.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>579,215</u>
Total expenditures and other financing uses.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>579,215</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	-	-	-	(579,215)
Fund balance (deficit) at beginning of year.....	-	-	-	579,215
Fund balance (deficit) at end of year.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Natural Heritage And Endangered Species Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 301	\$ 186
Total assets.....	\$ 301	\$ 186
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	301	186
Total fund balance (deficit).....	301	186
Total liabilities and fund balance.....	\$ 301	\$ 186

**Natural Heritage And Endangered Species Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Federal grants and reimbursements.....	\$ 41	\$ 85	\$ 44	\$ 262
Departmental.....	390	14	(376)	20
Miscellaneous.....	-	265	265	203
Total revenues.....	<u>431</u>	<u>364</u>	<u>(67)</u>	<u>485</u>
Other financing sources:				
Operating transfers in.....	-	-	-	-
Total other financing sources.....	-	-	-	-
Total revenues and other financing sources.....	<u>431</u>	<u>364</u>	<u>(67)</u>	<u>485</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Environmental affairs.....	233	214	19	250
Total expenditures.....	<u>233</u>	<u>214</u>	<u>19</u>	<u>250</u>
Other financing uses:				
Fringe benefit cost assessment.....	-	35	(35)	40
Total other financing uses.....	-	35	(35)	40
Total expenditures and other financing uses.....	<u>233</u>	<u>249</u>	<u>(16)</u>	<u>290</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	198	115	(83)	195
Fund balance (deficit) at beginning of year.....	186	186	-	(9)
Fund balance (deficit) at end of year.....	<u>\$ 384</u>	<u>\$ 301</u>	<u>\$ (83)</u>	<u>\$ 186</u>

**Inland Fisheries And Game Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 6,390	\$ 6,823
Total assets.....	\$ 6,390	\$ 6,823
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 350	\$ 372
Accrued payroll.....	207	204
Total liabilities.....	557	576
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	5,833	6,247
Total fund balance (deficit).....	5,833	6,247
Total liabilities and fund balance.....	\$ 6,390	\$ 6,823

**Inland Fisheries And Game Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Taxes.....	\$ 909	\$ 892	\$ (17)	\$ 879
Federal grants and reimbursements.....	2,750	1,836	(914)	3,982
Departmental.....	6,528	5,632	(896)	7,533
Miscellaneous.....	-	66	66	108
Total revenues.....	<u>10,187</u>	<u>8,426</u>	<u>(1,761)</u>	<u>12,502</u>
Other financing sources:				
Operating transfers in.....	90	81	(9)	100
Total other financing sources.....	<u>90</u>	<u>81</u>	<u>(9)</u>	<u>100</u>
Total revenues and other financing sources.....	<u>10,277</u>	<u>8,507</u>	<u>(1,770)</u>	<u>12,602</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Environmental affairs.....	9,008	7,273	1,735	8,947
Pension.....	797	797	-	778
Total expenditures.....	<u>9,805</u>	<u>8,070</u>	<u>1,735</u>	<u>9,725</u>
Other financing uses				
Fringe benefit cost assessment.....	-	838	(838)	-
Operating transfers out.....	13	13	-	11
Total other financing uses.....	<u>13</u>	<u>851</u>	<u>(838)</u>	<u>11</u>
Total expenditures and other financing uses.....	<u>9,818</u>	<u>8,921</u>	<u>897</u>	<u>9,736</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	459	(414)	(873)	2,866
Fund balance (deficit) at beginning of year.....	6,247	6,247	-	3,381
Fund balance (deficit) at end of year.....	<u>\$ 6,706</u>	<u>\$ 5,833</u>	<u>\$ (873)</u>	<u>\$ 6,247</u>

**Environmental Challenge Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	\$ -	\$ -
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ -	\$ 785
Accounts payable.....	-	1
Accrued payroll.....	-	11
Total liabilities.....	-	797
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	(797)
Total fund balance (deficit).....	-	(797)
Total liabilities and fund balance.....	\$ -	\$ -

**Environmental Challenge Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Departmental.....	\$ 8,498	\$ 9,919	\$ 1,421	\$ 10,310
Total revenues.....	<u>8,498</u>	<u>9,919</u>	<u>1,421</u>	<u>10,310</u>
Other financing sources:				
Operating transfers in.....	-	-	-	-
Total other financing sources.....	-	-	-	-
Total revenues and other financing sources.....	<u>8,498</u>	<u>9,919</u>	<u>1,421</u>	<u>10,310</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Environmental affairs.....	6,788	6,633	155	6,928
Total expenditures.....	<u>6,788</u>	<u>6,633</u>	<u>155</u>	<u>6,928</u>
Other financing uses:				
Fringe benefit cost assessment.....	-	1,208	(1,208)	1,385
Operating transfers out.....	101	101	-	-
Fund consolidation transfer.....	-	1,180	(1,180)	-
Total other financing uses.....	<u>101</u>	<u>2,489</u>	<u>(2,388)</u>	<u>1,385</u>
Total expenditures and other financing uses.....	<u>6,889</u>	<u>9,122</u>	<u>(2,233)</u>	<u>8,313</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	1,609	797	(812)	1,997
Fund balance (deficit) at beginning of year.....	<u>(797)</u>	<u>(797)</u>	<u>-</u>	<u>(2,794)</u>
Fund balance (deficit) at end of year.....	<u>\$ 812</u>	<u>\$ -</u>	<u>\$ (812)</u>	<u>\$ (797)</u>

**Toxics Use Reduction Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	\$ -	\$ -
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ -	\$ 7,969
Accounts payable.....	-	307
Accrued payroll.....	-	140
Total liabilities.....	-	8,416
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	(8,416)
Total fund balance (deficit).....	-	(8,416)
Total liabilities and fund balance.....	\$ -	\$ -

**Toxics Use Reduction Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Departmental.....	\$ 3,681	\$ 4,849	\$ 1,168	\$ 4,396
Total revenues.....	<u>3,681</u>	<u>4,849</u>	<u>1,168</u>	<u>4,396</u>
Other financing sources:				
Fund consolidation transfer.....	-	8,430	8,430	-
Total other financing sources.....	<u>-</u>	<u>8,430</u>	<u>8,430</u>	<u>-</u>
Total revenues and other financing sources.....	<u>3,681</u>	<u>13,279</u>	<u>9,598</u>	<u>4,396</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Environmental affairs.....	2,705	2,501	204	2,643
Higher education.....	<u>1,743</u>	<u>1,712</u>	<u>31</u>	<u>1,798</u>
Total expenditures.....	<u>4,448</u>	<u>4,213</u>	<u>235</u>	<u>4,441</u>
Other financing uses:				
Fringe benefit cost assessment.....	-	645	(645)	683
Operating transfers out.....	<u>5</u>	<u>5</u>	<u>-</u>	<u>2</u>
Total other financing uses.....	<u>5</u>	<u>650</u>	<u>(645)</u>	<u>685</u>
Total expenditures and other financing uses.....	<u>4,453</u>	<u>4,863</u>	<u>(410)</u>	<u>5,126</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(772)	8,416	9,188	(730)
Fund balance (deficit) at beginning of year.....	<u>(8,416)</u>	<u>(8,416)</u>	<u>-</u>	<u>(7,686)</u>
Fund balance (deficit) at end of year.....	<u>\$ (9,188)</u>	<u>\$ -</u>	<u>\$ 9,188</u>	<u>\$ (8,416)</u>

**Clean Environment Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ 31,030
Total assets.....	\$ -	\$ 31,030
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ 7,561
Accrued payroll.....	-	566
Total liabilities.....	-	8,127
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	22,903
Total fund balance (deficit).....	-	22,903
Total liabilities and fund balance.....	\$ -	\$ 31,030

**Clean Environment Fund**  
**Statement of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Miscellaneous.....	\$ 30,490	\$ 36,206	\$ 5,716	\$ 37,109
Total revenues.....	30,490	36,206	5,716	37,109
Other financing sources:				
Operating transfers in.....	-	-	-	-
Total other financing sources.....	-	-	-	-
Total revenues and other financing sources.....	30,490	36,206	5,716	37,109
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Administration and finance.....	200	183	17	174
Environmental affairs.....	25,123	21,098	4,025	29,945
Health & human services.....	6	6	-	-
Higher education.....	54	53	1	43
Public safety.....	-	-	-	75
Total expenditures.....	25,383	21,340	4,043	30,237
Other financing uses:				
Fringe benefit cost assessment.....	-	2,860	(2,860)	2,851
Operating transfers out.....	2,114	2,114	-	1
Fund consolidation transfer.....	-	32,795	(32,795)	-
Total other financing uses.....	2,114	37,769	(35,655)	2,852
Total expenditures and other financing uses.....	27,497	59,109	(31,612)	33,089
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	2,993	(22,903)	(25,896)	4,020
Fund balance (deficit) at beginning of year.....	22,903	22,903	-	18,883
Fund balance (deficit) at end of year.....	<u>\$ 25,896</u>	<u>\$ -</u>	<u>\$ (25,896)</u>	<u>\$ 22,903</u>

**Environmental Permitting And Compliance Assurance Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	\$ -	\$ -
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ -	\$ 50,870
Accounts payable.....	-	2
Total liabilities.....	-	50,872
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	(50,872)
Total fund balance (deficit).....	-	(50,872)
Total liabilities and fund balance.....	\$ -	\$ -

**Environmental Permitting And Compliance Assurance Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Departmental.....	\$ 7,824	\$ 7,050	\$ (774)	\$ 5,326
Miscellaneous.....	-	60	60	88
Total revenues.....	<u>7,824</u>	<u>7,110</u>	<u>(714)</u>	<u>5,414</u>
Other financing sources:				
Fund consolidation transfer.....	-	56,068	56,068	-
Total other financing sources.....	<u>-</u>	<u>56,068</u>	<u>56,068</u>	<u>-</u>
Total revenues and other financing sources.....	<u>7,824</u>	<u>63,178</u>	<u>55,354</u>	<u>5,414</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Environmental affairs.....	10,653	10,621	32	11,224
Total expenditures.....	<u>10,653</u>	<u>10,621</u>	<u>32</u>	<u>11,224</u>
Other financing uses:				
Fringe benefit cost assessment.....	-	1,685	(1,685)	1,907
Total other financing uses.....	<u>-</u>	<u>1,685</u>	<u>(1,685)</u>	<u>1,907</u>
Total expenditures and other financing uses.....	<u>10,653</u>	<u>12,306</u>	<u>(1,653)</u>	<u>13,131</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(2,829)	50,872	53,701	(7,717)
Fund balance (deficit) at beginning of year.....	<u>(50,872)</u>	<u>(50,872)</u>	<u>-</u>	<u>(43,155)</u>
Fund balance (deficit) at end of year.....	<u>\$ (53,701)</u>	<u>\$ -</u>	<u>\$ 53,701</u>	<u>\$ (50,872)</u>

**Underground Storage Tank Petroleum Product Cleanup Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	<u>2003</u>	<u>2002</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ -	\$ 18,429
Accounts payable.....	-	905
Accrued payroll.....	-	26
Total liabilities.....	<u>-</u>	<u>19,360</u>
Fund equity:		
Unreserved fund balance (deficit):		
Undesignated.....	<u>-</u>	<u>(19,360)</u>
Total fund balance (deficit).....	<u>-</u>	<u>(19,360)</u>
Total liabilities and fund balance.....	<u>\$ -</u>	<u>\$ -</u>

**Underground Storage Tank Petroleum Product Cleanup Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Departmental.....	\$ 20,538	\$ 26,686	\$ 6,148	\$ 16,694
Total revenues.....	<u>20,538</u>	<u>26,686</u>	<u>6,148</u>	<u>16,694</u>
Other financing sources:				
Fund consolidation transfer.....	-	14,684	14,684	-
Total other financing sources.....	<u>-</u>	<u>14,684</u>	<u>14,684</u>	<u>-</u>
Total revenues and other financing sources.....	<u>20,538</u>	<u>41,370</u>	<u>20,832</u>	<u>16,694</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Administration and finance.....	22,628	20,918	1,710	20,981
Environmental affairs.....	672	659	13	691
Public safety.....	176	168	8	176
Total expenditures.....	<u>23,476</u>	<u>21,745</u>	<u>1,731</u>	<u>21,848</u>
Other financing uses:				
Fringe benefit cost assessment.....	-	263	(263)	285
Operating transfers out.....	2	2	-	1
Total other financing uses.....	<u>2</u>	<u>265</u>	<u>(263)</u>	<u>286</u>
Total expenditures and other financing uses.....	<u>23,478</u>	<u>22,010</u>	<u>1,468</u>	<u>22,134</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(2,940)	19,360	22,300	(5,440)
Fund balance (deficit) at beginning of year.....	<u>(19,360)</u>	<u>(19,360)</u>	<u>-</u>	<u>(13,920)</u>
Fund balance (deficit) at end of year.....	<u>\$ (22,300)</u>	<u>\$ -</u>	<u>\$ 22,300</u>	<u>\$ (19,360)</u>

**Environmental Law Enforcement Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	\$ -	\$ -
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ -	\$ 3,956
Accounts payable.....	-	149
Accrued payroll.....	-	377
Total liabilities.....	-	4,482
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	(4,482)
Total fund balance (deficit) .....	-	(4,482)
Total liabilities and fund balance.....	\$ -	\$ -

**Environmental Law Enforcement Fund**  
**Statement of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 <u>Budget</u>	2003 <u>Actual</u>	Variance Favorable (Unfavorable)	2002 <u>Actual</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Taxes.....	\$ 1,817	\$ 1,783	\$ (34)	\$ 1,759
Departmental.....	3,597	5,052	1,455	4,170
Miscellaneous.....	-	-	-	3
Total revenues.....	<u>5,414</u>	<u>6,835</u>	<u>1,421</u>	<u>5,932</u>
Other financing sources:				
Fund consolidation transfer.....	-	3,957	3,957	-
Total other financing sources.....	<u>-</u>	<u>3,957</u>	<u>3,957</u>	<u>-</u>
Total revenues and other financing sources.....	<u>5,414</u>	<u>10,792</u>	<u>5,378</u>	<u>5,932</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Environmental affairs.....	5,516	5,436	80	5,630
Total expenditures.....	<u>5,516</u>	<u>5,436</u>	<u>80</u>	<u>5,630</u>
Other financing uses:				
Fringe benefit cost assessment.....	-	851	(851)	890
Operating transfers out.....	23	23	-	19
Total other financing uses.....	<u>23</u>	<u>874</u>	<u>(851)</u>	<u>909</u>
Total expenditures and other financing uses.....	<u>5,539</u>	<u>6,310</u>	<u>(771)</u>	<u>6,539</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(125)	4,482	4,607	(607)
Fund balance (deficit) at beginning of year.....	<u>(4,482)</u>	<u>(4,482)</u>	<u>-</u>	<u>(3,875)</u>
Fund balance (deficit) at end of year.....	<u>\$ (4,607)</u>	<u>\$ -</u>	<u>\$ 4,607</u>	<u>\$ (4,482)</u>

**Public Access Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	\$ -	\$ -
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ -	\$ 12
Accounts payable.....	-	377
Accrued payroll.....	-	25
Total liabilities.....	-	414
Fund balance:		
Reserved fund balance:		
Reserved for continuing appropriations.....	-	362
Unreserved fund balance (deficit):		
Undesignated.....	-	(776)
Total fund balance (deficit).....	-	(414)
Total liabilities and fund balance.....	\$ -	\$ -

**Public Access Fund**  
**Statement of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Taxes.....	\$ 909	\$ 892	\$ (17)	\$ 879
Federal grants and reimbursements.....	603	584	(19)	48
Departmental.....	-	4	4	9
Total revenues.....	<u>1,512</u>	<u>1,480</u>	<u>(32)</u>	<u>936</u>
Other financing sources:				
Operating transfers in.....	-	-	-	-
Total other financing sources.....	-	-	-	-
Total revenues and other financing sources.....	<u>1,512</u>	<u>1,480</u>	<u>(32)</u>	<u>936</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Environmental affairs.....	1,244	624	620	940
Total expenditures.....	<u>1,244</u>	<u>624</u>	<u>620</u>	<u>940</u>
Other financing uses:				
Fringe benefit cost assessment.....	-	117	(117)	113
Operating transfers out.....	1	1	-	1
Fund consolidation transfer.....	-	324	(324)	-
Total other financing uses.....	<u>1</u>	<u>442</u>	<u>(441)</u>	<u>114</u>
Total expenditures and other financing uses.....	<u>1,245</u>	<u>1,066</u>	<u>179</u>	<u>1,054</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	267	414	147	(118)
Fund balance (deficit) at beginning of year.....	(414)	(414)	-	(296)
Fund balance (deficit) at end of year.....	<u>\$ (147)</u>	<u>\$ -</u>	<u>\$ 147</u>	<u>\$ (414)</u>

**Harbors And Inland Waters Maintenance Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	\$ -	\$ -
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ -	\$ 6,101
Accounts payable.....	-	110
Accrued payroll.....	-	33
Total liabilities.....	-	6,244
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	(6,244)
Total fund balance (deficit).....	-	(6,244)
Total liabilities and fund balance.....	\$ -	\$ -

**Harbors And Inland Waters Maintenance Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Taxes.....	\$ 3,028	\$ 2,973	\$ (55)	\$ 2,932
Miscellaneous.....	-	-	-	6
Total revenues.....	<u>3,028</u>	<u>2,973</u>	<u>(55)</u>	<u>2,938</u>
Other financing sources:				
Fund consolidation transfer.....	-	3,349	3,349	-
Total other financing sources.....	-	3,349	3,349	-
Total revenues and other financing sources.....	<u>3,028</u>	<u>6,322</u>	<u>3,294</u>	<u>2,938</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Environmental affairs.....	872	72	800	1,416
Total expenditures.....	<u>872</u>	<u>72</u>	<u>800</u>	<u>1,416</u>
Other financing uses:				
Fringe benefit cost assessment.....	-	6	(6)	164
Operating transfers out.....	-	-	-	3
Total other financing uses.....	-	6	(6)	167
Total expenditures and other financing uses.....	<u>872</u>	<u>78</u>	<u>794</u>	<u>1,583</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	2,156	6,244	4,088	1,355
Fund balance (deficit) at beginning of year.....	<u>(6,244)</u>	<u>(6,244)</u>	<u>-</u>	<u>(7,599)</u>
Fund balance (deficit) at end of year.....	<u>\$ (4,088)</u>	<u>\$ -</u>	<u>\$ 4,088</u>	<u>\$ (6,244)</u>

**Marine Fisheries Fund**  
**Balance Sheet- Statutory Basis**

June 30, 2003

(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	\$ -	\$ -
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ -	\$ 5,773
Accounts payable.....	-	589
Accrued payroll.....	-	136
Total liabilities.....	-	6,498
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	(6,498)
Total fund balance (deficit).....	-	(6,498)
Total liabilities and fund balance.....	\$ -	\$ -

**Marine Fisheries Fund**  
Statement of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Taxes.....	\$ 1,817	\$ 1,784	\$ (33)	\$ 1,760
Federal grants and reimbursements.....	622	458	(164)	370
Departmental.....	2,391	2,642	251	2,756
Miscellaneous.....	-	2	2	3
Total revenues.....	<u>4,830</u>	<u>4,886</u>	<u>56</u>	<u>4,889</u>
Other financing sources:				
Fund consolidation transfer.....	-	6,982	6,982	-
Total other financing sources.....	-	6,982	6,982	-
Total revenues and other financing sources.....	<u>4,830</u>	<u>11,868</u>	<u>7,038</u>	<u>4,889</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Environmental affairs.....	4,828	4,572	256	5,232
Total expenditures.....	<u>4,828</u>	<u>4,572</u>	<u>256</u>	<u>5,232</u>
Other financing uses:				
Fringe benefit cost assessment.....	-	789	(789)	817
Operating transfers out.....	9	9	-	8
Total other financing uses.....	9	798	(789)	825
Total expenditures and other financing uses.....	<u>4,837</u>	<u>5,370</u>	<u>(533)</u>	<u>6,057</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(7)	6,498	6,505	(1,168)
Fund balance (deficit) at beginning of year.....	(6,498)	(6,498)	-	(5,330)
Fund balance (deficit) at end of year.....	<u>\$ (6,505)</u>	<u>\$ -</u>	<u>\$ 6,505</u>	<u>\$ (6,498)</u>

**Watershed Management Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Other receivables.....	\$ -	\$ 5,399
Total assets.....	\$ -	\$ 5,399
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ -	\$ 7,503
Total liabilities.....	-	7,503
Fund balance:		
Reserved fund balance:		
Reserved for continuing appropriations.....	-	155
Unreserved fund balance (deficit):		
Undesignated.....	-	(2,259)
Total fund balance (deficit).....	-	(2,104)
Total liabilities and fund balance.....	\$ -	\$ 5,399

**Watershed Management Fund**  
Statement of Revenues, Expenditures And Change In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 <u>Budget</u>	2003 <u>Actual</u>	Variance Favorable (Unfavorable)	2002 <u>Actual</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Assessments.....	\$ -	\$ 8,320	\$ 8,320	\$ 21,446
Departmental.....	10,380	1,139	(9,241)	950
Miscellaneous.....	-	408	408	521
Total revenues.....	<u>10,380</u>	<u>9,867</u>	<u>(513)</u>	<u>22,917</u>
Other financing sources:				
Fund consolidation transfer.....	-	2,525	2,525	-
Total other financing sources.....	<u>-</u>	<u>2,525</u>	<u>2,525</u>	<u>-</u>
Total revenues and other financing sources.....	<u>10,380</u>	<u>12,392</u>	<u>2,012</u>	<u>22,917</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Administration and finance.....	-	-	-	1
Environmental affairs.....	8,974	8,811	163	8,805
Public safety.....	-	-	-	75
Total expenditures.....	<u>8,974</u>	<u>8,811</u>	<u>163</u>	<u>8,881</u>
Other financing uses:				
Fringe benefit cost assessment.....	-	1,460	(1,460)	1,467
Operating transfers out.....	17	17	-	10,342
Total other financing uses.....	<u>17</u>	<u>1,477</u>	<u>(1,460)</u>	<u>11,809</u>
Total expenditures and other financing uses.....	<u>8,991</u>	<u>10,288</u>	<u>(1,297)</u>	<u>20,690</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	1,389	2,104	715	2,227
Fund balance (deficit) at beginning of year.....	<u>(2,104)</u>	<u>(2,104)</u>	<u>-</u>	<u>(4,331)</u>
Fund balance (deficit) at end of year.....	<u>\$ (715)</u>	<u>\$ -</u>	<u>\$ 715</u>	<u>\$ (2,104)</u>

**Low Level Radioactive Waste Management Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	\$ -	\$ -
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ -	\$ 433
Total liabilities.....	-	433
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	(433)
Total fund balance (deficit).....	-	(433)
Total liabilities and fund balance.....	\$ -	\$ -

**Low Level Radioactive Waste Management Fund**  
**Statements Of Revenues, Expenditures And Changes In Fund Equity - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Assessments.....	\$ -	\$ -	\$ -	\$ 184
Total revenues.....	-	-	-	184
Other financing sources:				
Fund consolidation transfer.....	-	433	433	-
Total other financing sources.....	-	433	433	-
Total revenues and other financing sources.....	-	433	433	184
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Environmental affairs.....	-	-	-	92
Total expenditures.....	-	-	-	92
Other financing uses:				
Fringe benefit cost assessment.....	-	-	-	20
Total other financing uses.....	-	-	-	20
Total expenditures and other financing uses.....	-	-	-	112
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	-	433	433	72
Fund balance (deficit) at beginning of year.....	(433)	(433)	-	(505)
Fund balance (deficit) at end of year.....	\$ (433)	\$ -	\$ 433	\$ (433)

**Asbestos Cost Recovery Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ 6,309
Total assets.....	\$ -	\$ 6,309
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	6,309
Total fund balance (deficit).....	-	6,309
Total liabilities and fund balance.....	\$ -	\$ 6,309

**Asbestos Cost Recovery Fund**  
**Statement Of Revenues, Expenditures And Change In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Miscellaneous.....	\$ -	\$ -	\$ -	\$ 1,551
Total revenues.....	-	-	-	1,551
Other financing sources:				
Fund consolidation transfer.....	-	-	-	-
Total other financing sources.....	-	-	-	-
Total revenues and other financing sources.....	-	-	-	1,551
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Administration and finance.....	-	-	-	1,026
Total expenditures.....	-	-	-	1,026
Other financing uses:				
Operating transfers out.....	6,309	6,309	-	-
Total other financing uses.....	6,309	6,309	-	-
Total expenditures and other financing uses.....	6,309	6,309	-	1,026
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(6,309)	(6,309)	-	525
Fund balance (deficit) at beginning of year.....	6,309	6,309	-	5,784
Fund balance (deficit) at end of year.....	\$ -	\$ -	\$ -	\$ 6,309

**Clean Air Act Compliance Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	<u>2003</u>	<u>2002</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ -	\$ 1,121
Accounts payable.....	-	462
Accrued payroll.....	-	117
Total liabilities.....	<u>-</u>	<u>1,700</u>
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	(1,700)
Total fund balance (deficit).....	<u>-</u>	<u>(1,700)</u>
Total liabilities and fund balance.....	<u>\$ -</u>	<u>\$ -</u>

**Clean Air Act Compliance Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Departmental.....	\$ 3,559	\$ 2,950	\$ (609)	\$ 3,173
Total revenues.....	<u>3,559</u>	<u>2,950</u>	<u>(609)</u>	<u>3,173</u>
Other financing sources:				
Operating transfers in.....	400	364	(36)	394
Fund consolidation transfer.....	-	1,898	1,898	-
Total other financing sources.....	<u>400</u>	<u>2,262</u>	<u>1,862</u>	<u>394</u>
Total revenues and other financing sources.....	<u>3,959</u>	<u>5,212</u>	<u>1,253</u>	<u>3,567</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Attorney General .....	5	1	4	2
Environmental affairs.....	3,543	2,946	597	3,600
Health & human services.....	-	-	-	6
Total expenditures.....	<u>3,548</u>	<u>2,947</u>	<u>601</u>	<u>3,608</u>
Other financing uses:				
Fringe benefit cost assessment.....	-	559	(559)	611
Operating transfers out.....	6	6	-	-
Total other financing uses.....	<u>6</u>	<u>565</u>	<u>(559)</u>	<u>611</u>
Total expenditures and other financing uses.....	<u>3,554</u>	<u>3,512</u>	<u>42</u>	<u>4,219</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	405	1,700	1,295	(652)
Fund balance (deficit) at beginning of year.....	<u>(1,700)</u>	<u>(1,700)</u>	<u>-</u>	<u>(1,048)</u>
Fund balance (deficit) at end of year.....	<u>\$ (1,295)</u>	<u>\$ -</u>	<u>\$ 1,295</u>	<u>\$ (1,700)</u>

**Solid Waste Disposal Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ 3
Total assets.....	\$ -	\$ 3
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	3
Total fund balance (deficit).....	-	3
Total liabilities and fund balance.....	\$ -	\$ 3

**Solid Waste Disposal Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	<u>2003</u> <u>Budget</u>	<u>2003</u> <u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>2002</u> <u>Actual</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Departmental.....	\$ -	\$ -	\$ -	\$ -
Total revenues.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources:				
Operating transfers in.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Environmental affairs.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing uses:				
Fund consolidation transfer.....	<u>-</u>	<u>3</u>	<u>(3)</u>	<u>-</u>
Total other financing uses.....	<u>-</u>	<u>3</u>	<u>(3)</u>	<u>-</u>
Total expenditures and other financing uses.....	<u>-</u>	<u>3</u>	<u>(3)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....				
	-	(3)	(3)	-
Fund balance (deficit) at beginning of year.....	<u>3</u>	<u>3</u>	<u>-</u>	<u>3</u>
Fund balance (deficit) at end of year.....	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ (3)</u>	<u>\$ 3</u>

**Second Century Fund**  
Balance Sheet - Statutory Basis

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	\$ -	\$ -
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ -	\$ 1,681
Accounts payable.....	-	1,138
Total liabilities.....	-	2,819
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	(2,819)
Total fund balance (deficit).....	-	(2,819)
Total liabilities and fund balance.....	\$ -	\$ -

**Second Century Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Departmental.....	\$ 3,860	\$ 4,222	\$ 362	\$ 3,679
Total revenues.....	<u>3,860</u>	<u>4,222</u>	<u>362</u>	<u>3,679</u>
Other financing sources:				
Fund consolidation transfer.....	-	796	796	-
Total other financing sources.....	<u>-</u>	<u>796</u>	<u>796</u>	<u>-</u>
Total revenues and other financing sources.....	<u>3,860</u>	<u>5,018</u>	<u>1,158</u>	<u>3,679</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Environmental affairs.....	2,875	2,199	676	2,904
Total expenditures.....	<u>2,875</u>	<u>2,199</u>	<u>676</u>	<u>2,904</u>
Other financing uses:				
Operating transfers out.....	-	-	-	-
Total other financing uses.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures and other financing uses.....	<u>2,875</u>	<u>2,199</u>	<u>676</u>	<u>2,904</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	985	2,819	1,834	775
Fund balance (deficit) at beginning of year.....	<u>(2,819)</u>	<u>(2,819)</u>	<u>-</u>	<u>(3,594)</u>
Fund balance (deficit) at end of year.....	<u>\$ (1,834)</u>	<u>\$ -</u>	<u>\$ 1,834</u>	<u>\$ (2,819)</u>

**Safe Drinking Water Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ 146
Total assets.....	\$ -	\$ 146
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ 30
Accrued payroll.....	-	66
Total liabilities.....	-	96
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	50
Total fund balance (deficit).....	-	50
Total liabilities and fund balance.....	\$ -	\$ 146

**Safe Drinking Water Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Assessments.....	\$ 2,108	\$ 2,100	\$ (8)	\$ 2,205
Departmental.....	-	1	1	-
Total revenues.....	<u>2,108</u>	<u>2,101</u>	<u>(7)</u>	<u>2,205</u>
Other financing sources:				
Fund consolidation transfer.....	-	105	105	-
Total other financing sources.....	-	105	105	-
Total revenues and other financing sources.....	<u>2,108</u>	<u>2,206</u>	<u>98</u>	<u>2,205</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Attorney General.....	102	101	1	106
Environmental affairs.....	1,793	1,766	27	1,751
Total expenditures.....	<u>1,895</u>	<u>1,867</u>	<u>28</u>	<u>1,857</u>
Other financing uses:				
Fringe benefit cost assessment.....	-	384	(384)	375
Operating transfers out.....	5	5	-	-
Total other financing uses.....	5	389	(384)	375
Total expenditures and other financing uses.....	<u>1,900</u>	<u>2,256</u>	<u>(356)</u>	<u>2,232</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	208	(50)	(258)	(27)
Fund balance (deficit) at beginning of year.....	50	50	-	77
Fund balance (deficit) at end of year.....	<u>\$ 258</u>	<u>\$ -</u>	<u>\$ (258)</u>	<u>\$ 50</u>

**Ratepayer Parity Trust Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ 31,793
Total assets.....	\$ -	\$ 31,793
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	31,793
Total fund balance (deficit).....	-	31,793
Total liabilities and fund balance.....	\$ -	\$ 31,793

**Ratepayer Parity Trust Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	<u>2003 Budget</u>	<u>2003 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2002 Actual</u>
<b>REVENUES AND OTHER SOURCES</b>				
Revenues:				
Taxes.....	\$ -	\$ -	\$ -	\$ 404
Miscellaneous.....	-	66	66	127
Total revenues.....	<u>-</u>	<u>66</u>	<u>66</u>	<u>531</u>
Other financing sources:				
Operating transfers in.....	-	-	-	-
Total other financing sources.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other sources.....	<u>-</u>	<u>66</u>	<u>66</u>	<u>531</u>
<b>EXPENDITURES AND OTHER USES</b>				
Expenditures:				
Administration and finance.....	-	-	-	-
Total expenditures.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing uses:				
Operating transfers out.....	31,859	31,859	-	-
Total other financing uses.....	<u>31,859</u>	<u>31,859</u>	<u>-</u>	<u>-</u>
Total expenditures and other uses.....	<u>31,859</u>	<u>31,859</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses.....	(31,859)	(31,793)	66	531
Fund balance (deficit) at beginning of year.....	<u>31,793</u>	<u>31,793</u>	<u>-</u>	<u>31,262</u>
Fund balance (deficit) at end of year.....	<u>\$ (66)</u>	<u>\$ -</u>	<u>\$ 66</u>	<u>\$ 31,793</u>

**Child Support Penalty Fee Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	\$ -	\$ -
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ -	\$ 498
Total liabilities.....	-	498
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	(498)
Total fund balance (deficit).....	-	(498)
Total liabilities and fund balance.....	\$ -	\$ -

**Child Support Penalty Fee Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Departmental.....	\$ 727	\$ 1,301	\$ 574	\$ 784
Total revenues.....	<u>727</u>	<u>1,301</u>	<u>574</u>	<u>784</u>
Other financing sources:				
Fund consolidation transfer.....	-	352	352	-
Total other financing sources.....	<u>-</u>	<u>352</u>	<u>352</u>	<u>-</u>
Total revenues and other financing sources.....	<u>727</u>	<u>1,653</u>	<u>926</u>	<u>784</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Administration and finance.....	1,007	1,003	4	1,029
Total expenditures.....	<u>1,007</u>	<u>1,003</u>	<u>4</u>	<u>1,029</u>
Other financing uses:				
Fringe benefit cost assessment.....	-	152	(152)	166
Total other financing uses.....	<u>-</u>	<u>152</u>	<u>(152)</u>	<u>166</u>
Total expenditures and other financing uses.....	<u>1,007</u>	<u>1,155</u>	<u>(148)</u>	<u>1,195</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(280)	498	778	(411)
Fund balance (deficit) at beginning of year.....	<u>(498)</u>	<u>(498)</u>	<u>-</u>	<u>(87)</u>
Fund balance (deficit) at end of year.....	<u>\$ (778)</u>	<u>\$ -</u>	<u>\$ 778</u>	<u>\$ (498)</u>

**Workforce Training Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 36,939	\$ 51,461
Total assets.....	\$ 36,939	\$ 51,461
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 4,203	\$ 2,946
Accrued payroll.....	36	26
Total liabilities.....	4,239	2,972
Fund balance:		
Reserved fund balance:		
Reserved for continuing appropriations.....	-	23,000
Unreserved fund balance (deficit):		
Undesignated.....	32,700	25,489
Total fund balance (deficit).....	32,700	48,489
Total liabilities and fund balance.....	\$ 36,939	\$ 51,461

**Workforce Training Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 <u>Budget</u>	2003 <u>Actual</u>	Variance Favorable (Unfavorable)	2002 <u>Actual</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Taxes.....	\$ 23,500	\$ 21,394	\$ (2,106)	\$ 22,198
Total revenues.....	<u>23,500</u>	<u>21,394</u>	<u>(2,106)</u>	<u>22,198</u>
Other financing sources:				
Operating transfers in.....	-	-	-	-
Total other financing sources.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>23,500</u>	<u>21,394</u>	<u>(2,106)</u>	<u>22,198</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Governor and Lieutenant Governor.....	26	26	-	-
Communities and development.....	250	250	-	-
Labor.....	47,096	24,722	22,374	12,445
Total expenditures.....	<u>47,372</u>	<u>24,998</u>	<u>22,374</u>	<u>12,445</u>
Other financing uses:				
Fringe benefit cost assessment.....	-	184	(184)	129
Operating transfers out.....	12,001	12,001	-	2
Total other financing uses.....	<u>12,001</u>	<u>12,185</u>	<u>(184)</u>	<u>131</u>
Total expenditures and other financing uses.....	<u>59,373</u>	<u>37,183</u>	<u>22,190</u>	<u>12,576</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(35,873)	(15,789)	20,084	9,622
Fund balance (deficit) at beginning of year.....	<u>48,489</u>	<u>48,489</u>	<u>-</u>	<u>38,867</u>
Fund balance (deficit) at end of year.....	<u>\$ 12,616</u>	<u>\$ 32,700</u>	<u>\$ 20,084</u>	<u>\$ 48,489</u>

**Brownfields Revitalization Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	<u>2003</u>	<u>2002</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ 14,116
Total assets.....	<u>\$ -</u>	<u>\$ 14,116</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ 13
Accrued payroll.....	-	<u>6</u>
Total liabilities.....	<u>-</u>	<u>19</u>
Fund balance:		
Reserved fund balance:		
Reserved for continuing appropriations.....	-	13,109
Unreserved fund balance (deficit):		
Undesignated.....	-	<u>988</u>
Total fund balance (deficit).....	<u>-</u>	<u>14,097</u>
Total liabilities and fund balance.....	<u>\$ -</u>	<u>\$ 14,116</u>

**Brownfields Revitalization Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 <u>Budget</u>	2003 <u>Actual</u>	Variance Favorable (Unfavorable)	2002 <u>Actual</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Miscellaneous.....	\$ 387	\$ 148	\$ (239)	\$ 397
Total revenues.....	<u>387</u>	<u>148</u>	<u>(239)</u>	<u>397</u>
Other financing sources:				
Fund consolidation transfer.....	-	-	-	-
Total other financing sources.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>387</u>	<u>148</u>	<u>(239)</u>	<u>397</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Environmental affairs.....	2,477	2,127	350	-
Economic development.....	10,626	3,323	7,303	2,382
Total expenditures.....	<u>13,103</u>	<u>5,450</u>	<u>7,653</u>	<u>2,382</u>
Other financing uses:				
Fringe benefit cost assessment.....	-	386	(386)	34
Operating transfers out.....	7,485	7,485	-	-
Fund consolidation transfer.....	-	924	(924)	-
Total other financing uses.....	<u>7,485</u>	<u>8,795</u>	<u>(1,310)</u>	<u>34</u>
Total expenditures and other financing uses.....	<u>20,588</u>	<u>14,245</u>	<u>6,343</u>	<u>2,416</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(20,201)	(14,097)	6,104	(2,019)
Fund balance (deficit) at beginning of year.....	14,097	14,097	-	16,116
Fund balance (deficit) at end of year.....	<u>\$ (6,104)</u>	<u>\$ -</u>	<u>\$ 6,104</u>	<u>\$ 14,097</u>

**Firearms Records Keeping Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ 1,713
Total assets.....	\$ -	\$ 1,713
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accrued payroll.....	\$ -	\$ 17
Total liabilities.....	-	17
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	1,696
Total fund balance (deficit).....	-	1,696
Total liabilities and fund balance.....	\$ -	\$ 1,713

**Firearms Records Keeping Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	<u>2003 Budget</u>	<u>2003 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2002 Actual</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Departmental.....	\$ 1,000	\$ 958	\$ (42)	\$ 518
Total revenues.....	<u>1,000</u>	<u>958</u>	<u>(42)</u>	<u>518</u>
Other financing sources:				
Operating transfers in.....	-	-	-	-
Total other financing sources.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>1,000</u>	<u>958</u>	<u>(42)</u>	<u>518</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Public safety.....	400	394	6	173
Total expenditures.....	<u>400</u>	<u>394</u>	<u>6</u>	<u>173</u>
Other financing uses:				
Fringe benefit cost assessment.....	-	66	(66)	33
Fund consolidation transfer.....	-	2,194	(2,194)	-
Total other financing uses.....	<u>-</u>	<u>2,260</u>	<u>(2,260)</u>	<u>33</u>
Total expenditures and other financing uses.....	<u>400</u>	<u>2,654</u>	<u>(2,254)</u>	<u>206</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	600	(1,696)	(2,296)	312
Fund balance (deficit) at beginning of year.....	<u>1,696</u>	<u>1,696</u>	<u>-</u>	<u>1,384</u>
Fund balance (deficit) at end of year.....	<u>\$ 2,296</u>	<u>\$ -</u>	<u>\$ (2,296)</u>	<u>\$ 1,696</u>

**Massachusetts Clean Elections Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 477	\$ 24,043
Total assets.....	\$ 477	\$ 24,043
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	477	24,043
Total fund balance (deficit).....	477	24,043
Total liabilities and fund balance.....	\$ 477	\$ 24,043

**Massachusetts Clean Elections Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	<u>2003 Budget</u>	<u>2003 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2002 Actual</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Departmental.....	\$ 1,070	\$ 468	\$ (602)	\$ 796
Miscellaneous.....	-	86	86	587
Total revenues.....	<u>1,070</u>	<u>554</u>	<u>(516)</u>	<u>1,383</u>
Other financing sources:				
Operating transfers in.....	-	-	-	-
Total other financing sources.....	-	-	-	-
Total revenues and other financing sources.....	<u>1,070</u>	<u>554</u>	<u>(516)</u>	<u>1,383</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Office of Campaign & Political Finance.....	-	-	-	356
Total expenditures.....	-	-	-	356
Other financing uses:				
Operating transfers out.....	24,120	24,120	-	-
Total other financing uses.....	24,120	24,120	-	-
Total expenditures and other financing uses.....	<u>24,120</u>	<u>24,120</u>	<u>-</u>	<u>356</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(23,050)	(23,566)	(516)	1,027
Fund balance (deficit) at beginning of year.....	24,043	24,043	-	23,016
Fund balance (deficit) at end of year.....	<u>\$ 993</u>	<u>\$ 477</u>	<u>\$ (516)</u>	<u>\$ 24,043</u>

**Tobacco Settlement Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ 65,747
Due from federal government.....	-	240
Total assets.....	\$ -	\$ 65,987
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ 12,350
Accrued payroll.....	-	61
Total liabilities.....	-	12,411
Fund balance:		
Reserved fund balance:		
Reserved for continuing appropriations.....	-	7,485
Unreserved fund balance (deficit):		
Undesignated.....	-	46,091
Total fund balance (deficit).....	-	53,576
Total liabilities and fund balance.....	\$ -	\$ 65,987

**Tobacco Settlement Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Federal grants & reimbursements.....	\$ 44,142	\$ 4,058	\$ (40,084)	\$ 5,307
Departmental.....	2,244	-	(2,244)	3,414
Miscellaneous.....	-	502	502	1,059
Total revenues.....	<u>46,386</u>	<u>4,560</u>	<u>(41,826)</u>	<u>9,780</u>
Other financing sources:				
Tobacco settlement transfer.....	300,000	307,802	7,802	154,728
Total other financing sources.....	<u>300,000</u>	<u>307,802</u>	<u>7,802</u>	<u>154,728</u>
Total revenues and other financing sources.....	<u>346,386</u>	<u>312,362</u>	<u>(34,024)</u>	<u>164,508</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Sheriff's Departments .....	-	-	-	39
Administration and finance.....	-	-	-	162
Health and human services.....	50,565	25,022	25,543	42,160
Higher education.....	121	117	4	221
Public safety.....	70	56	14	173
Elder affairs.....	109,578	97,336	12,242	87,384
Medicaid.....	18,130	6,431	11,699	13,868
Total expenditures.....	<u>178,464</u>	<u>128,962</u>	<u>49,502</u>	<u>144,007</u>
Other financing uses:				
Fringe benefit cost assessment.....	-	216	(216)	296
Operating transfers out.....	42,356	42,356	-	1
Tobacco settlement transfer.....	162,000	162,000	-	-
Fund consolidation transfer.....	-	32,404	(32,404)	-
Total other financing uses.....	<u>204,356</u>	<u>236,976</u>	<u>(32,620)</u>	<u>297</u>
Total expenditures and other financing uses.....	<u>382,820</u>	<u>365,938</u>	<u>16,882</u>	<u>144,304</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(36,434)	(53,576)	(17,142)	20,204
Fund balance (deficit) at beginning of year.....	53,576	53,576	-	33,372
Fund balance (deficit) at end of year.....	<u>\$ 17,142</u>	<u>\$ -</u>	<u>\$ (17,142)</u>	<u>\$ 53,576</u>

**Antitrust Enforcement Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	\$ -	\$ -
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ -	\$ 2,901
Total liabilities.....	-	2,901
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	(2,901)
Total fund balance (deficit).....	-	(2,901)
Total liabilities and fund balance.....	\$ -	\$ -

## Antitrust Enforcement Fund

### Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	<u>2003</u> <u>Budget</u>	<u>2003</u> <u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>2002</u> <u>Actual</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Departmental.....	\$ 274	\$ 54	\$ (220)	\$ 364
Total revenues.....	<u>274</u>	<u>54</u>	<u>(220)</u>	<u>364</u>
Other financing sources:				
Fund consolidation transfer.....	-	3,320	3,320	-
Total other financing sources.....	<u>-</u>	<u>3,320</u>	<u>3,320</u>	<u>-</u>
Total revenues and other financing sources.....	<u>274</u>	<u>3,374</u>	<u>3,100</u>	<u>364</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Attorney General.....	412	406	6	427
Administrations and finance.....	-	-	-	1
Consumer affairs.....	1	1	-	-
Total expenditures.....	<u>413</u>	<u>407</u>	<u>6</u>	<u>428</u>
Other financing uses:				
Fringe benefit cost assessment.....	-	66	(66)	72
Total other financing uses.....	<u>-</u>	<u>66</u>	<u>(66)</u>	<u>72</u>
Total expenditures and other financing uses.....	<u>413</u>	<u>473</u>	<u>(60)</u>	<u>500</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(139)	2,901	3,040	(136)
Fund balance (deficit) at beginning of year.....	<u>(2,901)</u>	<u>(2,901)</u>	<u>-</u>	<u>(2,765)</u>
Fund balance (deficit) at end of year.....	<u>\$ (3,040)</u>	<u>\$ -</u>	<u>\$ 3,040</u>	<u>\$ (2,901)</u>

**Victim and Witness Assistance Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	\$ -	\$ -
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ -	\$ 13,279
Accounts payable.....	-	26
Accrued payroll.....	-	18
Total liabilities.....	-	13,323
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	(13,323)
Total fund balance (deficit).....	-	(13,323)
Total liabilities and fund balance.....	\$ -	\$ -

**Victim and Witness Assistance Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Departmental.....	\$ 11,936	\$ 9,006	\$ (2,930)	\$ 8,129
Total revenues.....	<u>11,936</u>	<u>9,006</u>	<u>(2,930)</u>	<u>8,129</u>
Other financing sources:				
Fund consolidation transfer.....	-	14,850	14,850	-
Total other financing sources.....	-	14,850	14,850	-
Total revenues and other financing sources.....	<u>11,936</u>	<u>23,856</u>	<u>11,920</u>	<u>8,129</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Attorney General.....	1,032	1,010	22	1,038
District Attorney.....	7,781	7,727	54	8,237
Sheriff's Departments.....	-	-	-	1
Public safety.....	278	265	13	251
Total expenditures.....	<u>9,091</u>	<u>9,002</u>	<u>89</u>	<u>9,527</u>
Other financing uses:				
Fringe benefit cost assessment.....	-	1,530	(1,530)	1,589
Operating transfers out.....	1	1	-	1
Total other financing uses.....	<u>1</u>	<u>1,531</u>	<u>(1,530)</u>	<u>1,590</u>
Total expenditures and other financing uses.....	<u>9,092</u>	<u>10,533</u>	<u>(1,441)</u>	<u>11,117</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	2,844	13,323	10,479	(2,988)
Fund balance (deficit) at beginning of year.....	<u>(13,323)</u>	<u>(13,323)</u>	<u>-</u>	<u>(10,335)</u>
Fund balance (deficit) at end of year.....	<u>\$ (10,479)</u>	<u>\$ -</u>	<u>\$ 10,479</u>	<u>\$ (13,323)</u>

**Intercity Bus Capital Assistance Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	\$ -	\$ -
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ -	\$ 5,562
Total liabilities.....	-	5,562
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	(5,562)
Total fund balance (deficit).....	-	(5,562)
Total liabilities and fund balance.....	\$ -	\$ -

**Intercity Bus Capital Assistance Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Departmental.....	\$ 709	\$ 687	\$ (22)	\$ 644
Total revenues.....	<u>709</u>	<u>687</u>	<u>(22)</u>	<u>644</u>
Other financing sources:				
Fund consolidation transfer.....	-	5,115	5,115	-
Total other financing sources.....	<u>-</u>	<u>5,115</u>	<u>5,115</u>	<u>-</u>
Total revenues and other financing sources.....	<u>709</u>	<u>5,802</u>	<u>5,093</u>	<u>644</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Debt service:				
Interest and fiscal charges.....	243	240	3	136
Total expenditures.....	<u>243</u>	<u>240</u>	<u>3</u>	<u>136</u>
Other financing uses:				
Fund consolidation transfer.....	-	-	-	-
Total other financing uses.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures and other financing uses.....	<u>243</u>	<u>240</u>	<u>3</u>	<u>136</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	466	5,562	5,096	508
Fund balance (deficit) at beginning of year.....	(5,562)	(5,562)	-	(6,070)
Fund balance (deficit) at end of year.....	<u>\$ (5,096)</u>	<u>\$ -</u>	<u>\$ 5,096</u>	<u>\$ (5,562)</u>

**Motorcycle Safety Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ 232
Total assets.....	\$ -	\$ 232
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	232
Total fund balance (deficit).....	-	232
Total liabilities and fund balance.....	\$ -	\$ 232

## Motorcycle Safety Fund

### Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	<u>2003</u> <u>Budget</u>	<u>2003</u> <u>Actual</u>	Variance Favorable (Unfavorable)	<u>2002</u> <u>Actual</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Departmental.....	\$ 221	\$ 270	\$ 49	\$ 93
Total revenues.....	<u>221</u>	<u>270</u>	<u>49</u>	<u>93</u>
Other financing sources:				
Operating transfers in.....	-	-	-	-
Total other financing sources.....	-	-	-	-
Total revenues and other financing sources.....	<u>221</u>	<u>270</u>	<u>49</u>	<u>93</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Public safety.....	290	270	20	146
Total expenditures.....	<u>290</u>	<u>270</u>	<u>20</u>	<u>146</u>
Other financing uses:				
Fringe benefit cost assessment.....	-	9	(9)	1
Fund consolidation transfer.....	-	223	(223)	-
Total other financing uses.....	-	<u>232</u>	<u>(232)</u>	<u>1</u>
Total expenditures and other financing uses.....	<u>290</u>	<u>502</u>	<u>(212)</u>	<u>147</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(69)	(232)	(163)	(54)
Fund balance (deficit) at beginning of year.....	<u>232</u>	<u>232</u>	<u>-</u>	<u>286</u>
Fund balance (deficit) at end of year.....	<u>\$ 163</u>	<u>\$ -</u>	<u>\$ (163)</u>	<u>\$ 232</u>

**Drug Analysis Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ 354
Total assets.....	\$ -	\$ 354
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ 62
Total liabilities.....	-	62
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	292
Total fund balance (deficit).....	-	292
Total liabilities and fund balance.....	\$ -	\$ 354

**Drug Analysis Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Departmental.....	\$ 88	\$ 130	\$ 42	\$ 90
Total revenues.....	<u>88</u>	<u>130</u>	<u>42</u>	<u>90</u>
Other financing sources:				
Operating transfers in.....	-	-	-	-
Total other financing sources.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>88</u>	<u>130</u>	<u>42</u>	<u>90</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Health and human services.....	90	90	-	87
Higher education.....	<u>10</u>	<u>10</u>	<u>-</u>	<u>-</u>
Total expenditures.....	<u>100</u>	<u>100</u>	<u>-</u>	<u>87</u>
Other financing uses:				
Fringe benefit cost assessment.....	-	14	(14)	-
Fund consolidation transfer.....	<u>-</u>	<u>308</u>	<u>(308)</u>	<u>-</u>
Total other financing uses.....	<u>-</u>	<u>322</u>	<u>(322)</u>	<u>-</u>
Total expenditures and other financing uses.....	<u>100</u>	<u>422</u>	<u>(322)</u>	<u>87</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(12)	(292)	(280)	3
Fund balance (deficit) at beginning of year.....	<u>292</u>	<u>292</u>	<u>-</u>	<u>289</u>
Fund balance (deficit) at end of year.....	<u>\$ 280</u>	<u>\$ -</u>	<u>\$ (280)</u>	<u>\$ 292</u>

**Trust Fund For The Head Injury Treatment Services Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 9,551	\$ 8,890
Total assets.....	\$ 9,551	\$ 8,890
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 1,373	\$ 749
Accrued payroll.....	4	3
Total liabilities.....	1,377	752
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	8,174	8,138
Total fund balance (deficit).....	8,174	8,138
Total liabilities and fund balance.....	\$ 9,551	\$ 8,890

**Trust Fund For The Head Injury Treatment Services Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Departmental.....	\$ 7,062	\$ 6,421	\$ (641)	\$ 6,505
Miscellaneous.....	-	127	127	178
Total revenues.....	<u>7,062</u>	<u>6,548</u>	<u>(514)</u>	<u>6,683</u>
Other financing sources:				
Operating transfers in.....	-	-	-	-
Total other financing sources.....	-	-	-	-
Total revenues and other financing sources.....	<u>7,062</u>	<u>6,548</u>	<u>(514)</u>	<u>6,683</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Health and human services.....	7,800	6,447	1,353	4,894
Public safety.....	-	-	-	39
Total expenditures.....	<u>7,800</u>	<u>6,447</u>	<u>1,353</u>	<u>4,933</u>
Other financing uses:				
Fringe benefit cost assessment .....	-	43	(43)	10
Operating transfers out .....	22	22	-	-
Total other financing uses.....	<u>22</u>	<u>65</u>	<u>(43)</u>	<u>10</u>
Total expenditures and other financing uses.....	<u>7,822</u>	<u>6,512</u>	<u>1,310</u>	<u>4,943</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(760)	36	796	1,740
Fund balance (deficit) at beginning of year.....	8,138	8,138	-	6,398
Fund balance (deficit) at end of year.....	<u>\$ 7,378</u>	<u>\$ 8,174</u>	<u>\$ 796</u>	<u>\$ 8,138</u>

**Massachusetts Tourism Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	<u>2003</u>	<u>2002</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 1,530	\$ 5,157
Total assets.....	<u>\$ 1,530</u>	<u>\$ 5,157</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 802	\$ 2,189
Accrued payroll.....	65	65
Total liabilities.....	<u>867</u>	<u>2,254</u>
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	663	2,903
Total fund balance (deficit).....	<u>663</u>	<u>2,903</u>
Total liabilities and fund balance.....	<u>\$ 1,530</u>	<u>\$ 5,157</u>

**Massachusetts Tourism Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Taxes.....	\$ 37,610	\$ 29,104	\$ (8,506)	\$ 34,844
Total revenues.....	<u>37,610</u>	<u>29,104</u>	<u>(8,506)</u>	<u>34,844</u>
Other financing sources:				
Operating transfers in.....	-	-	-	-
Total other financing sources.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>37,610</u>	<u>29,104</u>	<u>(8,506)</u>	<u>34,844</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Governor and Lieutenant Governor.....	10	10	-	-
Administration and finance.....	10,000	-	10,000	10,000
Economic development.....	21,021	20,057	964	22,152
Labor.....	3	3	-	-
Total expenditures.....	<u>31,034</u>	<u>20,070</u>	<u>10,964</u>	<u>32,152</u>
Other financing uses:				
Fringe benefit cost assessment.....	-	490	(490)	385
Operating transfers out.....	10,784	10,784	-	3
Total other financing uses.....	<u>10,784</u>	<u>11,274</u>	<u>(490)</u>	<u>388</u>
Total expenditures and other financing uses.....	<u>41,818</u>	<u>31,344</u>	<u>10,474</u>	<u>32,540</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(4,208)	(2,240)	1,968	2,304
Fund balance (deficit) at beginning of year.....	2,903	2,903	-	599
Fund balance (deficit) at end of year.....	<u>\$ (1,305)</u>	<u>\$ 663</u>	<u>\$ 1,968</u>	<u>\$ 2,903</u>

**Ponkapoag Recreational Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ 202
Total assets.....	\$ -	\$ 202
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ 164
Accrued payroll.....	-	35
Total liabilities.....	-	199
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	3
Total fund balance (deficit).....	-	3
Total liabilities and fund balance.....	\$ -	\$ 202

**Ponkapoag Recreational Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	<u>2003 Budget</u>	<u>2003 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2002 Actual</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Departmental.....	\$ 872	\$ 1,000	\$ 128	\$ 885
Total revenues.....	<u>872</u>	<u>1,000</u>	<u>128</u>	<u>885</u>
Other financing sources:				
Operating transfers in.....	-	-	-	-
Total other financing sources.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>872</u>	<u>1,000</u>	<u>128</u>	<u>885</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Environmental affairs.....	899	821	78	814
Total expenditures.....	<u>899</u>	<u>821</u>	<u>78</u>	<u>814</u>
Other financing uses:				
Fringe benefit cost assessment.....	-	85	(85)	62
Operating transfers out.....	51	51	-	1
Fund consolidation transfer.....	-	46	(46)	-
Total other financing uses.....	<u>51</u>	<u>182</u>	<u>(131)</u>	<u>63</u>
Total expenditures and other financing uses.....	<u>950</u>	<u>1,003</u>	<u>(53)</u>	<u>877</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(78)	(3)	75	8
Fund balance (deficit) at beginning of year.....	3	3	-	(5)
Fund balance (deficit) at end of year.....	<u>\$ (75)</u>	<u>\$ -</u>	<u>\$ 75</u>	<u>\$ 3</u>

**Leo J. Martin Recreational Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	\$ -	\$ -
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ -	\$ 210
Accounts payable.....	-	12
Accrued payroll.....	-	18
Total liabilities.....	-	240
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	(240)
Total fund balance (deficit).....	-	(240)
Total liabilities and fund balance.....	\$ -	\$ -

**Leo J. Martin Recreational Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	<u>2003 Budget</u>	<u>2003 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2002 Actual</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Departmental.....	\$ 678	\$ 792	\$ 114	\$ 443
Total revenues.....	<u>678</u>	<u>792</u>	<u>114</u>	<u>443</u>
Other financing sources:				
Fund consolidation transfer.....	-	99	99	-
Total other financing sources.....	<u>-</u>	<u>99</u>	<u>99</u>	<u>-</u>
Total revenues and other financing sources.....	<u>678</u>	<u>891</u>	<u>213</u>	<u>443</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Environmental affairs.....	699	577	122	438
Total expenditures.....	<u>699</u>	<u>577</u>	<u>122</u>	<u>438</u>
Other financing uses:				
Fringe benefit cost assessment.....	-	73	(73)	65
Operating transfers out.....	1	1	-	1
Total other financing uses.....	<u>1</u>	<u>74</u>	<u>(73)</u>	<u>66</u>
Total expenditures and other financing uses.....	<u>700</u>	<u>651</u>	<u>49</u>	<u>504</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(22)	240	262	(61)
Fund balance (deficit) at beginning of year.....	<u>(240)</u>	<u>(240)</u>	<u>-</u>	<u>(179)</u>
Fund balance (deficit) at end of year.....	<u>\$ (262)</u>	<u>\$ -</u>	<u>\$ 262</u>	<u>\$ (240)</u>

**Division of Insurance Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ 360
Total assets.....	\$ -	\$ 360
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	360
Total fund balance (deficit) .....	-	360
Total liabilities and fund balance.....	\$ -	\$ 360

**Division of Insurance Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Departmental.....	\$ 4,366	\$ 4,348	\$ (18)	\$ 4,507
Total revenues.....	<u>4,366</u>	<u>4,348</u>	<u>(18)</u>	<u>4,507</u>
Other financing sources:				
Operating transfers in.....	-	-	-	-
Total other financing sources.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>4,366</u>	<u>4,348</u>	<u>(18)</u>	<u>4,507</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Consumer affairs.....	4,029	3,817	212	4,089
Total expenditures.....	<u>4,029</u>	<u>3,817</u>	<u>212</u>	<u>4,089</u>
Other financing uses:				
Fringe benefits cost assessment.....	-	615	(615)	319
Operating transfers out.....	183	183	-	-
Fund consolidation transfer.....	<u>-</u>	<u>93</u>	<u>(93)</u>	<u>-</u>
Total other financing uses.....	<u>183</u>	<u>891</u>	<u>(708)</u>	<u>319</u>
Total expenditures and other financing uses.....	<u>4,212</u>	<u>4,708</u>	<u>(496)</u>	<u>4,408</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	154	(360)	(514)	99
Fund balance (deficit) at beginning of year.....	<u>360</u>	<u>360</u>	<u>-</u>	<u>261</u>
Fund balance (deficit) at end of year.....	<u>\$ 514</u>	<u>\$ -</u>	<u>\$ (514)</u>	<u>\$ 360</u>

**Health Protection Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ 22,438
Total assets.....	\$ -	\$ 22,438
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ 8,009
Accrued payroll.....	-	55
Total liabilities.....	-	8,064
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	14,374
Total fund balance (deficit).....	-	14,374
Total liabilities and fund balance.....	\$ -	\$ 22,438

**Health Protection Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Taxes.....	\$ 90,200	\$ 78,095	\$ (12,105)	\$ 89,674
Miscellaneous.....	-	631	631	194
Total revenues.....	<u>90,200</u>	<u>78,726</u>	<u>(11,474)</u>	<u>89,868</u>
Other financing sources:				
Operating transfers in.....	-	-	-	-
Total other financing sources.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>90,200</u>	<u>78,726</u>	<u>(11,474)</u>	<u>89,868</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Judiciary.....	-	-	-	4
Attorney General.....	66	52	14	191
District Attorney.....	-	-	-	6
Sheriff's Departments.....	54	53	1	40
Communities and development.....	5	5	-	-
Health and human services.....	35,410	28,729	6,681	58,185
Education.....	-	-	-	23,876
Higher education.....	9	8	1	217
Public safety.....	207	80	127	5,223
Total expenditures.....	<u>35,751</u>	<u>28,927</u>	<u>6,824</u>	<u>87,742</u>
Other financing uses:				
Fringe benefit cost assessment.....	-	340	(340)	567
Operating transfers out.....	12,730	12,730	-	1
Fund consolidation transfer.....	-	51,103	(51,103)	-
Total other financing uses.....	<u>12,730</u>	<u>64,173</u>	<u>(51,443)</u>	<u>568</u>
Total expenditures and other financing uses.....	<u>48,481</u>	<u>93,100</u>	<u>(44,619)</u>	<u>88,310</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	41,719	(14,374)	(56,093)	1,558
Fund balance (deficit) at beginning of year.....	<u>14,374</u>	<u>14,374</u>	<u>-</u>	<u>12,816</u>
Fund balance (deficit) at end of year.....	<u>\$ 56,093</u>	<u>\$ -</u>	<u>\$ (56,093)</u>	<u>\$ 14,374</u>

**State Building Management Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ 5,898
Total assets.....	\$ -	\$ 5,898
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ 23
Accrued payroll.....	-	2
Total liabilities.....	-	25
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	5,873
Total fund balance (deficit).....	-	5,873
Total liabilities and fund balance.....	\$ -	\$ 5,898

**State Building Management Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Departmental.....	\$ 17,645	\$ 17,709	\$ 64	\$ 17,717
Miscellaneous.....	-	130	130	227
Total revenues.....	<u>17,645</u>	<u>17,839</u>	<u>194</u>	<u>17,944</u>
Other financing sources:				
Operating transfers in.....	-	-	-	-
Total other financing sources.....	-	-	-	-
Total revenues and other financing sources.....	<u>17,645</u>	<u>17,839</u>	<u>194</u>	<u>17,944</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Administration and finance.....	19,369	18,896	473	19,289
Total expenditures.....	<u>19,369</u>	<u>18,896</u>	<u>473</u>	<u>19,289</u>
Other financing uses:				
Fringe benefit cost assessment.....	-	-	-	4
Operating transfers out.....	429	429	-	-
Fund consolidation transfer.....	-	4,387	(4,387)	-
Total other financing uses.....	<u>429</u>	<u>4,816</u>	<u>(4,387)</u>	<u>4</u>
Total expenditures and other financing uses.....	<u>19,798</u>	<u>23,712</u>	<u>(3,914)</u>	<u>19,293</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(2,153)	(5,873)	(3,720)	(1,349)
Fund balance (deficit) at beginning of year.....	5,873	5,873	-	7,222
Fund balance (deficit) at end of year.....	<u>\$ 3,720</u>	<u>\$ -</u>	<u>\$ (3,720)</u>	<u>\$ 5,873</u>

**Reggie Lewis Track and Athletic Center Building Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ 486
Total assets.....	\$ -	\$ 486
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ 31
Total liabilities.....	-	31
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	455
Total fund balance (deficit).....	-	455
Total liabilities and fund balance.....	\$ -	\$ 486

**Reggie Lewis Track and Athletic Center Building Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Departmental.....	\$ 507	\$ 427	\$ (80)	\$ 303
Total revenues.....	<u>507</u>	<u>427</u>	<u>(80)</u>	<u>303</u>
Other financing sources:				
Operating transfers in.....	-	-	-	-
Total other financing sources.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>507</u>	<u>427</u>	<u>(80)</u>	<u>303</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Higher education.....	426	421	5	270
Total expenditures.....	<u>426</u>	<u>421</u>	<u>5</u>	<u>270</u>
Other financing uses:				
Operating transfers out.....	1	1	-	-
Fund consolidation transfer.....	-	460	(460)	-
Total other financing uses.....	<u>1</u>	<u>461</u>	<u>(460)</u>	<u>-</u>
Total expenditures and other financing uses.....	<u>427</u>	<u>882</u>	<u>(455)</u>	<u>270</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	80	(455)	(535)	33
Fund balance (deficit) at beginning of year.....	455	455	-	422
Fund balance (deficit) at end of year.....	<u>\$ 535</u>	<u>\$ -</u>	<u>\$ (535)</u>	<u>\$ 455</u>

**Assisted Living Administrative Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ 1,421
Total assets.....	\$ -	\$ 1,421
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ 21
Accrued payroll.....	-	9
Total liabilities.....	-	30
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	1,391
Total fund balance (deficit).....	-	1,391
Total liabilities and fund balance.....	\$ -	\$ 1,421

**Assisted Living Administrative Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Departmental.....	\$ 476	\$ 679	\$ 203	\$ 784
Total revenues.....	<u>476</u>	<u>679</u>	<u>203</u>	<u>784</u>
Other financing sources:				
Operating transfers in.....	-	-	-	-
Total other financing sources.....	-	-	-	-
Total revenues and other financing sources.....	<u>476</u>	<u>679</u>	<u>203</u>	<u>784</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Elder affairs.....	318	252	66	301
Total expenditures.....	<u>318</u>	<u>252</u>	<u>66</u>	<u>301</u>
Other financing uses:				
Fringe benefit cost assessment.....	-	48	(48)	54
Operating transfer out.....	1	1	-	1
Fund consolidation transfer.....	-	1,769	(1,769)	-
Total other financing uses.....	<u>1</u>	<u>1,818</u>	<u>(1,817)</u>	<u>55</u>
Total expenditures and other financing uses.....	<u>319</u>	<u>2,070</u>	<u>(1,751)</u>	<u>356</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	157	(1,391)	(1,548)	428
Fund balance (deficit) at beginning of year.....	<u>1,391</u>	<u>1,391</u>	<u>-</u>	<u>963</u>
Fund balance (deficit) at end of year.....	<u>\$ 1,548</u>	<u>\$ -</u>	<u>\$ (1,548)</u>	<u>\$ 1,391</u>

**Children's and Seniors' Health Care Assistance Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Due from federal government.....	\$ 17,583	\$ 7,663
Total assets.....	\$ 17,583	\$ 7,663
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 96,999	\$ 68,020
Accounts payable.....	616	427
Total liabilities.....	97,615	68,447
Fund balance:		
Reserved fund balance:		
Reserved for continuing appropriations.....	-	351
Unreserved fund balance (deficit):		
Undesignated.....	(80,032)	(61,135)
Total fund balance (deficit).....	(80,032)	(60,784)
Total liabilities and fund balance.....	\$ 17,583	\$ 7,663

**Children's and Seniors' Health Care Assistance Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Taxes.....	\$ 92,630	\$ 80,369	\$ (12,261)	\$ 92,112
Federal grants and reimbursements.....	369,904	392,447	22,543	393,887
Departmental.....	2,956	2,987	31	5,996
Miscellaneous.....	-	132	132	36
Total revenues.....	<u>465,490</u>	<u>475,935</u>	<u>10,445</u>	<u>492,031</u>
Other financing sources:				
Operating transfers in.....	27,714	27,714	-	81,952
Tobacco settlement transfer.....	120,000	120,000	-	-
Total other financing sources.....	<u>147,714</u>	<u>147,714</u>	<u>-</u>	<u>81,952</u>
Total revenues and other financing sources.....	<u>613,204</u>	<u>623,649</u>	<u>10,445</u>	<u>573,983</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Attorney General.....	24	16	8	13
Health and human services.....	5,302	4,927	375	19,668
Elder affairs.....	472	466	6	464
Medicaid.....	642,882	636,244	6,638	600,171
Total expenditures.....	<u>648,680</u>	<u>641,653</u>	<u>7,027</u>	<u>620,316</u>
Other financing uses:				
Fringe benefit cost assessment.....	-	1,244	(1,244)	1,254
Total other financing uses.....	<u>-</u>	<u>1,244</u>	<u>(1,244)</u>	<u>1,254</u>
Total expenditures and other financing uses.....	<u>648,680</u>	<u>642,897</u>	<u>5,783</u>	<u>621,570</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses....	(35,476)	(19,248)	16,228	(47,587)
Fund balance (deficit) at beginning of year.....	<u>(60,784)</u>	<u>(60,784)</u>	<u>-</u>	<u>(13,197)</u>
Fund balance (deficit) at end of year.....	<u>\$ (96,260)</u>	<u>\$ (80,032)</u>	<u>\$ 16,228</u>	<u>\$ (60,784)</u>

**Diversity Awareness Education Trust Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ 7
Total assets.....	\$ -	\$ 7
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	7
Total fund balance (deficit).....	-	7
Total liabilities and fund balance.....	\$ -	\$ 7

**Diversity Awareness Education Trust Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Departmental.....	\$ -	\$ 1	\$ 1	\$ -
Total revenues.....	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Other financing sources:				
Operating transfers in.....	-	-	-	-
Total other financing sources.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Environmental affairs.....	-	-	-	-
Total expenditures.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing uses:				
Operating transfers out.....	-	-	-	-
Fund consolidation transfer.....	-	8	(8)	-
Total other financing uses.....	<u>-</u>	<u>8</u>	<u>(8)</u>	<u>-</u>
Total expenditures and other financing uses.....	<u>-</u>	<u>8</u>	<u>(8)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	-	(7)	(7)	-
Fund balance (deficit) at beginning of year.....	7	7	-	7
Fund balance (deficit) at end of year.....	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ (7)</u>	<u>\$ 7</u>

**Child Care Fund**  
Balance Sheet - Statutory Basis

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Due from federal government.....	\$ -	\$ 32,661
Total assets.....	\$ -	\$ 32,661
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ -	\$ 888
Accounts payable.....	-	31,767
Total liabilities.....	-	32,655
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	6
Total fund balance (deficit).....	-	6
Total liabilities and fund balance.....	\$ -	\$ 32,661

**Child Care Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Federal grants and reimbursements.....	\$ 198,587	\$ 214,811	\$ 16,224	\$ 189,898
Total revenues.....	<u>198,587</u>	<u>214,811</u>	<u>16,224</u>	<u>189,898</u>
Other financing sources:				
Operating transfers in.....	-	-	-	-
Total other financing sources.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>198,587</u>	<u>214,811</u>	<u>16,224</u>	<u>189,898</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Administration and finance.....	5	5	-	-
Health and human services.....	213,788	209,729	4,059	189,889
Transportation and construction.....	23	22	1	-
Total expenditures.....	<u>213,816</u>	<u>209,756</u>	<u>4,060</u>	<u>189,889</u>
Other financing uses:				
Operating transfers out.....	1,510	1,510	-	3
Fund consolidation transfer.....	-	3,551	(3,551)	-
Total other financing uses.....	<u>1,510</u>	<u>5,061</u>	<u>(3,551)</u>	<u>3</u>
Total expenditures and other financing uses.....	<u>215,326</u>	<u>214,817</u>	<u>509</u>	<u>189,892</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(16,739)	(6)	16,733	6
Fund balance (deficit) at beginning of year.....	6	6	-	-
Fund balance (deficit) at end of year.....	<u>\$ (16,733)</u>	<u>\$ -</u>	<u>\$ 16,733</u>	<u>\$ 6</u>

**Transitional Aid to Needy Families Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Due from federal government.....	\$ -	\$ 69,146
Total assets.....	\$ -	\$ 69,146
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ -	\$ 76,411
Accounts payable.....	-	353
Total liabilities.....	-	76,764
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	(7,618)
Total fund balance (deficit).....	-	(7,618)
Total liabilities and fund balance.....	\$ -	\$ 69,146

**Transitional Aid to Needy Families Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Federal grants and reimbursements.....	\$ 461,476	\$ 344,312	\$ (117,164)	\$ 353,571
Total revenues.....	<u>461,476</u>	<u>344,312</u>	<u>(117,164)</u>	<u>353,571</u>
Other financing sources:				
Fund consolidation transfer.....	-	5,988	5,988	-
Total other financing sources.....	<u>-</u>	<u>5,988</u>	<u>5,988</u>	<u>-</u>
Total revenues and other financing sources.....	<u>461,476</u>	<u>350,300</u>	<u>(111,176)</u>	<u>353,571</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Treasurer and Receiver-General.....	469	469	-	403
Communities and development.....	180	179	1	301
Health and human services.....	309,539	293,829	15,710	293,363
Transportation and construction.....	1,420	1,410	10	3,359
Education.....	38,312	34,209	4,103	37,193
Higher education.....	197	197	-	348
Labor.....	2,623	2,623	-	6,382
Total expenditures.....	<u>352,740</u>	<u>332,916</u>	<u>19,824</u>	<u>341,349</u>
Other financing uses:				
Fringe benefit cost assessment.....	-	3,774	(3,774)	4,166
Caseload increase mitigation transfer.....	5,992	5,992	-	4,477
Total other financing uses.....	<u>5,992</u>	<u>9,766</u>	<u>(3,774)</u>	<u>8,643</u>
Total expenditures and other financing uses.....	<u>358,732</u>	<u>342,682</u>	<u>16,050</u>	<u>349,992</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	102,744	7,618	(95,126)	3,579
Fund balance (deficit) at beginning of year.....	<u>(7,618)</u>	<u>(7,618)</u>	<u>-</u>	<u>(11,197)</u>
Fund balance (deficit) at end of year.....	<u>\$ 95,126</u>	<u>\$ -</u>	<u>\$ (95,126)</u>	<u>\$ (7,618)</u>

**Social Services Program Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	<u>2003</u>	<u>2002</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ -	\$ 910
Accounts payable.....	-	1,392
Accrued payroll.....	-	12
Total liabilities.....	<u>-</u>	<u>2,314</u>
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	(2,314)
Total fund balance (deficit).....	-	(2,314)
Total liabilities and fund balance.....	<u>\$ -</u>	<u>\$ -</u>

**Social Services Program Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Federal grants and reimbursements.....	\$ 83,695	\$ 83,113	\$ (582)	\$ 83,527
Total revenues.....	<u>83,695</u>	<u>83,113</u>	<u>(582)</u>	<u>83,527</u>
Other financing sources:				
Operating transfers in.....	-	-	-	-
Total other financing sources.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>83,695</u>	<u>83,113</u>	<u>(582)</u>	<u>83,527</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
District Attorney.....	-	-	-	397
Health and human services.....	83,238	79,866	3,372	86,356
Total expenditures.....	<u>83,238</u>	<u>79,866</u>	<u>3,372</u>	<u>86,753</u>
Other financing uses:				
Fringe benefit cost assessment.....	-	240	(240)	126
Fund consolidation transfer.....	-	693	(693)	-
Total other financing uses.....	<u>-</u>	<u>933</u>	<u>(933)</u>	<u>126</u>
Total expenditures and other financing uses.....	<u>83,238</u>	<u>80,799</u>	<u>2,439</u>	<u>86,879</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	457	2,314	1,857	(3,352)
Fund balance (deficit) at beginning of year.....	<u>(2,314)</u>	<u>(2,314)</u>	<u>-</u>	<u>1,038</u>
Fund balance (deficit) at end of year.....	<u>\$ (1,857)</u>	<u>\$ -</u>	<u>\$ 1,857</u>	<u>\$ (2,314)</u>

**Local Consumer Inspection Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	\$ -	\$ -
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ -	\$ 573
Accrued payroll.....	-	1
Total liabilities.....	-	574
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	(574)
Total fund balance (deficit).....	-	(574)
Total liabilities and fund balance.....	\$ -	\$ -

**Local Consumer Inspection Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Departmental.....	\$ -	\$ -	\$ -	\$ -
Total revenues.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources:				
Fund consolidation transfer.....	<u>-</u>	<u>574</u>	<u>574</u>	<u>-</u>
Total other financing sources.....	<u>-</u>	<u>574</u>	<u>574</u>	<u>-</u>
Total revenues and other financing sources.....	<u>-</u>	<u>574</u>	<u>574</u>	<u>-</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Consumer affairs.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing uses:				
Fringe benefit cost assessment.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund consolidation transfer.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing uses.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures and other financing uses.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	-	574	574	-
Fund balance (deficit) at beginning of year.....	(574)	(574)	-	(574)
Fund balance (deficit) at end of year.....	<u>\$ (574)</u>	<u>\$ -</u>	<u>\$ 574</u>	<u>\$ (574)</u>

**Caseload Increase Mitigation Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ 104,461
Total assets.....	\$ -	\$ 104,461
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	104,461
Total fund balance (deficit).....	-	104,461
Total liabilities and fund balance.....	\$ -	\$ 104,461

**Caseload Increase Mitigation Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 <u>Budget</u>	2003 <u>Actual</u>	Variance Favorable (Unfavorable)	2002 <u>Actual</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Miscellaneous.....	\$ -	\$ -	\$ -	\$ -
Total revenues.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources:				
Caseload increase mitigation transfer.....	-	5,992	5,992	4,878
Total other financing sources.....	<u>-</u>	<u>5,992</u>	<u>5,992</u>	<u>4,878</u>
Total revenues and other financing sources.....	<u>-</u>	<u>5,992</u>	<u>5,992</u>	<u>4,878</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Health and human services.....	74,295	70,232	4,063	56,000
Total expenditures.....	<u>74,295</u>	<u>70,232</u>	<u>4,063</u>	<u>56,000</u>
Other financing uses:				
Operating transfers out.....	9,210	9,210	-	-
Fund consolidation transfer.....	-	31,011	(31,011)	-
Total other financing uses.....	<u>9,210</u>	<u>40,221</u>	<u>(31,011)</u>	<u>-</u>
Total expenditures and other financing uses.....	<u>83,505</u>	<u>110,453</u>	<u>(26,948)</u>	<u>56,000</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses....	(83,505)	(104,461)	(20,956)	(51,122)
Fund balance (deficit) at beginning of year.....	<u>104,461</u>	<u>104,461</u>	<u>-</u>	<u>155,583</u>
Fund balance (deficit) at end of year.....	<u>\$ 20,956</u>	<u>\$ -</u>	<u>\$ (20,956)</u>	<u>\$ 104,461</u>

**Convention and Exhibition Center Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 174,810	\$ 141,954
Total assets.....	\$ 174,810	\$ 141,954
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ 976
Total liabilities.....	-	976
Fund balance:		
Reserved fund balance:		
Reserved for continuing appropriations.....	79	7,117
Unreserved fund balance (deficit):		
Undesignated.....	174,731	133,861
Total fund balance (deficit).....	174,810	140,978
Total liabilities and fund balance.....	\$ 174,810	\$ 141,954

**Convention and Exhibition Center Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Taxes.....	\$ 50,460	\$ 54,031	\$ 3,571	\$ 39,981
Miscellaneous.....	4,569	2,616	(1,953)	9,071
Total revenues.....	<u>55,029</u>	<u>56,647</u>	<u>1,618</u>	<u>49,052</u>
Other financing sources:				
Operating transfers in.....	-	-	-	-
Total other financing sources.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>55,029</u>	<u>56,647</u>	<u>1,618</u>	<u>49,052</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Administration and finance.....	22,894	22,815	79	35,269
Total expenditures.....	<u>22,894</u>	<u>22,815</u>	<u>79</u>	<u>35,269</u>
Other financing uses:				
Operating transfers out.....	-	-	-	-
Total other financing uses.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures and other financing uses.....	<u>22,894</u>	<u>22,815</u>	<u>79</u>	<u>35,269</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	32,135	33,832	1,697	13,783
Fund balance (deficit) at beginning of year.....	140,978	140,978	-	127,195
Fund balance (deficit) at end of year.....	<u>\$ 173,113</u>	<u>\$ 174,810</u>	<u>\$ 1,697</u>	<u>\$ 140,978</u>

**Voting Equipment Loan Fund**  
**Balance Sheet - Statutory Basis**

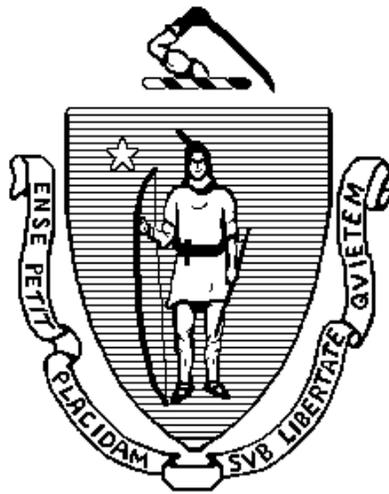
June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	\$ -	\$ -
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	-
Total fund balance (deficit).....	-	-
Total liabilities and fund balance.....	\$ -	\$ -

**Voting Equipment Loan Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003 Budget	2003 Actual	Variance Favorable (Unfavorable)	2002 Actual
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Departmental.....	\$ -	\$ -	\$ -	\$ -
Total revenues.....	-	-	-	-
Other financing sources:				
Operating transfers in.....	-	-	-	-
Total other financing sources.....	-	-	-	-
Total revenues and other financing sources.....	-	-	-	-
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Secretary of the Commonwealth.....	-	-	-	-
Total expenditures.....	-	-	-	-
Other financing uses:				
Operating transfers out.....	-	-	-	1,397
Total other financing uses.....	-	-	-	1,397
Total expenditures and other financing uses.....	-	-	-	1,397
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	-	-	-	(1,397)
Fund balance (deficit) at beginning of year.....	-	-	-	1,397
Fund balance (deficit) at end of year.....	\$ -	\$ -	\$ -	\$ -



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# *Non-Budgeted Funds*

## **SPECIAL REVENUE FUNDS:**

These funds account for the proceeds of specific revenue sources that are restricted to finance specific functions. Funds that are not subject to appropriation are considered Non-budgeted Special Revenue Funds.

*Federal Grants Fund* – to account for federal grants that are designated for specific programs, excluding federal highway construction grants, which are accounted for in the Federal Highway Construction Capital Projects Fund, and federal reimbursement programs, such as Medicaid, which are accounted for in the General Fund.

## **LOTTERY FUNDS:**

The two lottery funds account for the operations of the State and Arts Lotteries.

*State Lottery Fund* – to account for revenue from sale of lottery tickets and for the payment of prizes, expenses of the State Lottery Commission and the distribution to municipalities and school districts. Transfers are made to the local aid fund.

*Arts Lottery Fund* - to account for revenues from sale of lottery tickets, for payment of prizes and the expenses of the State Lottery Commission, and for the administration of the Arts Lottery Council. Transfers are made to the Local Aid Fund.

## **UNIVERSAL HEALTH CARE FUNDS:**

The three Universal Healthcare Funds account for assessments and other revenues that are dedicated to making health care and health insurance accessible and affordable to all Citizens of the Commonwealth.

*Uncompensated Care Fund* – to account for funds received from hospitals, transfers from budgeted funds and federal reimbursements; used for the purposes of the Uncompensated Care Pool.

*Labor Shortage Fund* – to account for assessments on each acute care hospital equal to one-tenth of one-percent of gross patient service revenues; used for training health care workers, career development within the health care profession, and establishment of day care programs at hospitals and other health care facilities.

*Medical Security Trust Fund* – to account for premiums, fees, and contributions; used for health insurance for workers receiving unemployment insurance.

## **OTHER FUNDS:**

The other minor special revenue funds account for a variety of miscellaneous taxes, assessments, fees, fines and other revenues, which are restricted to the financing of specific Commonwealth programs.

*Department of Telecommunication and Energy Trust Fund* – to account for expenditures by the Department of Telecommunications and Energy for activities of the department related to the regulation of electric companies.

*Liability Management and Reduction Fund* - to account for charge backs assessed to departments as premiums for the provision of insurance coverage for state agencies to cover payment of judgements, settlements and litigation costs in tort claims.

*Debt Defeasance Trust Fund* – to account for transfers from General Fund and Highway Fund for purpose of defeasing debt pursuant to Chapter 55 of the Acts of 1999 section 6, 7 and 8, as amended, and Sections 13 and 17 of Chapter 87 of the Acts of 2000.

*Health Care Security Trust Fund* – to account for revenues received from tobacco companies under the tobacco settlement, interest income fees and federal grants as well as expenditures to the Tobacco Settlement Fund and Health Care Quality Improvement Fund for health related services and programs intended to control or reduce the use of tobacco in the Commonwealth.

*Commonwealth of Massachusetts Civil Monetary Penalty (CMP) Fund* – to account for civil monetary penalties paid by nursing homes participating in the medical program for the protection of health and property of residents in a nursing home if the facility is found deficient.

*MBTA State and Local Contribution Fund* – to account for the transfer of revenue and MBTA service area

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assessments from the Commonwealth to the MBTA as set forth in Massachusetts General Laws, Chapter 10, Section 35T.

***Catastrophic Illness in Children Relief Fund*** – to account for receipts from a portion of an employer’s unemployment health insurance contribution and certain Federal financial participation. The assistance is for medical expenses of childhood catastrophic illnesses not covered by any other State and Federal program and subject to certain family income limits.

***MBTA Infrastructure Renovation Fund*** – to account for supplemental appropriations beyond the MBTA State and Local Contribution Fund for certain MBTA infrastructure improvements. Funds are to be used for, but not limited to, compliance with the American with Disabilities Act, elevator and escalator improvements, waterproofing, fare gates, signage, lighting and structural improvements only. No rolling stock is to be acquired through the fund.

***Community Preservation Trust Fund*** – to account for revenues received from surcharges on real estate property taxes, public and private sources as gifts, grants and donations, from damages, penalties costs from litigation settlements and surcharge on municipal liens imposed by the cities and towns who accept funds from the trust, to further community open – space preservation programs.

***Health Insurance Portability and Accountability Act Fund*** – to account for revenues received from Federal reimbursements under the Social Security Act, other Federal reimbursements, grants, gifts or other contributions to meet the costs of compliance with the Federal Health Insurance Portability and Accountability Act of 1996 (HIPPA).

***State Racing Fund*** – to record activity described in Section 9, Chapter 139, Acts of 2001 for improvements to the horse and greyhound racing industry in the Commonwealth. Revenues are from taxes, assessments and expenditures are for related programs.

***Division of Professional Licensure Trust Fund*** – to support programs and administrative costs of the Division of Professional Licensure. Revenues are from professional registration fees and expenditures are for regulatory purpose. The fund is not allowed to incur deficit. Any year end balance in excess of 20% of prior year’s expenditures is to revert to the General Fund.

***Victims of Drunk Driving Trust Fund*** – to account for fines collected from convicted individuals of driving under the influence of various substances defined by the law. Expenditures are for grants to community based programs to provide counseling and support services to victims of accidents.

***Health Care Quality Improvement Trust Fund*** – to account for transferred fees and federal participation from the Health Care Security Trust fund paid by health care providers. Expenditures are to health care providers for Medicaid related services.

***Department of Fire Services Hazardous Materials Emergency Mitigation Response Recovery Trust Fund*** – to account for monies received from fees, fines and investment income up to a maximum of \$250,000 per year. All revenues in excess of \$250,000 are transferred to the General Fund and may be made available for appropriation. Expenditures are for emergency hazardous materials response and mitigation costs up to a maximum of \$250,000 per year.

***Registers Technological Fund*** – to account for funds received from deeds excise taxes for the benefit of abolished counties. Expenditures are for technological improvements at the registries of deeds in those counties.

***County Registers Technological Fund*** – to account for monies received from deeds excise taxes for Barnstable, Bristol, Dukes, Norfolk, Plymouth and Nantucket Counties. Expenditures are for technical improvements at those counties.

***Government Land Bank Fund*** – to account for proceeds from disposition, conversion and redevelopment of land used for payments of principal and interest on bonds and notes of the Massachusetts Development Finance Agency.

***Mosquito and Greenhead Fly Control Fund*** –to account for assessments to cities and towns of various mosquito control districts; appropriated to support activities designed to control mosquitoes and /or “greenhead” flies.

***Federally-Assisted Housing Fund*** – to account for Federal housing financial assistance; used for payments of principal and interest on bond debt.

***Oil Overcharge Fund*** – to account for the fines and penalties collected under federal litigation from certain oil

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companies; used to provide fuel assistance and home insulation for low-income residents.

**Environmental Trust Fund** – to account for fines, gifts and grants used for restoration, protection and improvement of the quality of Boston Harbor, Lynn Harbor, Massachusetts Bay, Buzzard’s Bay and Cape Cod Bay.

**Children’s Trust Fund** – to account for gifts, grants, interest, and donations to the Child Abuse Prevention Board and certain appropriations designated to be transferred to the fund; used for support programs to raise awareness of child abuse and prevention programs.

**Child Support Enforcement Fund** – to account for Federal grants used for activities associated with the collection of child support.

**Department of Industrial Accidents Special Fund** – to account for assessments to employers and cities and towns for workers’ compensation insurance premiums and penalties assessed against employers who fail to insure for the workers’ compensation; used to reimburse the General Fund for the operating account of the Department of Industrial Accidents and for administrative overhead.

**County Correction Fund** – to account for approximately 7.5% of the deeds excise tax distributed to counties for the operation of county correctional facilities.

**Massachusetts AIDS Fund** – to account for gifts, grants, and donations; used for research, treatment, and education related to acquired immune deficiency syndrome.

**Board of Registration in Medicine Fund** – to account for certain revenues and expenditures of the Board.

**Water Pollution Abatement Projects Administration Fund** – to account for transfers from the Water Pollution Abatement Trust and general obligation bond proceeds; used for the administration of the Department of Environmental Protection to fund water pollution abatement projects.

**Commonwealth Sewer Rate Relief Fund** – to account for transfers of amounts from the General Fund or other funds; used for the purpose of mitigating sewer rate increases and making sewer rate relief grants to municipalities.

**Motor Vehicle Safety Inspection Trust Fund** – to account for vehicle inspection fees for administration and operation of safety inspection programs by the Registry of Motor Vehicles.

**Child Care Quality Fund** – to account for expenditures by the commissioner of the Office for Children for providing grants for not-for-profit childcare organizations for the purpose of improving childcare services.

**Grant Anticipation Note Trust Fund** - to account for proceeds to cover grant anticipation note expenditures and pay the related debt service of the proceeds.

The following funds have been enacted in legislation but are inactive:

**Energy Technology Development Fund** – to account for revenues received from miscellaneous trusts, gifts and donations to be administered and expended by the commissioner of the Division of Energy Resources to promote energy efficiency and the research development and commercialization of new energy technologies.

**Open Space Acquisition Revolving Fund** – to account for loan activity to municipalities from the Commonwealth to purchase open space. This fund was repealed by Chapter 26 of the Acts of 2003, Section 159. All future activity will be reported in the General Fund.

**Non-Budgeted Special Revenue Funds**  
**Combining Balance Sheet - Statutory Basis**

June 30, 2003 and 2002  
(Amounts in thousands)

<b>ASSETS</b>	<u>Federal Grants</u>	<u>Lotteries</u>	<u>Universal Health Care</u>
Cash and short-term investments.....	\$ -	\$ 40,076	\$ 152,028
Cash with fiscal agent.....	-	-	-
Investments.....	-	-	-
Receivables, net of allowance for uncollectibles:			
Due from federal government.....	301,031	-	41,606
Other receivables.....	-	2,544	41,606
Total assets.....	<u>\$ 301,031</u>	<u>\$ 42,620</u>	<u>\$ 235,240</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Deficiency in cash and short-term investments.....	\$ 46,347	\$ -	\$ -
Accounts payable.....	236,773	42,620	92,602
Accrued payroll.....	8,028	-	49
Due to other funds.....	-	-	-
Total liabilities.....	<u>291,148</u>	<u>42,620</u>	<u>92,651</u>
Fund balances:			
Reserved for:			
Debt service.....	-	-	-
Capital projects.....	-	-	-
Unreserved:			
Designated for specific purpose.....	9,883	-	142,589
Undesignated.....	-	-	-
Total fund balances.....	<u>9,883</u>	<u>-</u>	<u>142,589</u>
Total liabilities and fund balances.....	<u>\$ 301,031</u>	<u>\$ 42,620</u>	<u>\$ 235,240</u>

Totals (Memorandum only)		
Other	2003	2002
\$ 257,418	\$ 449,522	\$ 424,298
79,748	79,748	79,664
476,789	476,789	481,410
87,255	429,892	384,336
-	44,150	63,965
\$ 901,210	\$ 1,480,101	\$ 1,433,673
\$ -	\$ 46,347	\$ 77,225
106,320	478,315	426,256
1,168	9,245	7,097
83,622	83,622	66,999
191,110	617,529	577,577
79,748	79,748	79,664
7,465	7,465	7,465
689,830	842,302	768,967
(66,943)	(66,943)	-
710,100	862,572	856,096
\$ 901,210	\$ 1,480,101	\$ 1,433,673

**Non-Budgeted Special Revenue Funds**

Combining Statements Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis

Fiscal Year Ended June 30, 2003 and 2002  
(Amounts in thousands)

	Federal Grants	Lotteries	Universal Health Care
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Revenues:			
Taxes.....	\$ -	\$ 1,841	\$ -
Assessments.....	-	-	282,397
Federal grants and reimbursements.....	1,851,680	-	356,605
Tobacco settlement revenue.....	-	-	-
Departmental.....	-	4,423,165	472,759
Miscellaneous.....	76	1,574	1,918
Total revenues.....	<u>1,851,756</u>	<u>4,426,580</u>	<u>1,113,679</u>
Other financing sources:			
Sewer rate relief.....	-	-	-
Tobacco settlement transfer.....	-	-	42,000
Operating transfers in.....	-	46,009	117,666
Health care security trust transfer.....	-	-	-
Total other financing sources.....	<u>-</u>	<u>46,009</u>	<u>159,666</u>
Total revenues and other financing sources.....	<u>1,851,756</u>	<u>4,472,589</u>	<u>1,273,345</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>			
Expenditures:			
Judiciary.....	1,018	-	-
Governor and Lieutenant Governor.....	-	-	-
Secretary of the Commonwealth.....	792	-	-
Treasurer and Receiver-General.....	665	3,469,098	-
Attorney General.....	10,925	-	-
District Attorney.....	3,505	-	-
Sheriff's Departments.....	3,967	-	-
Disabled Persons Protection Commission.....	33	-	-
Board of Library Commissioners.....	2,931	-	-
Comptroller.....	-	-	-
Administration and finance.....	10,185	-	99
Environmental affairs.....	28,454	-	-
Communities and development.....	373,465	-	-
Health and human services.....	313,009	-	1,081,915
Transportation and construction.....	8,982	-	-
Education.....	741,952	-	-
Higher education.....	8,481	-	-
Public safety.....	70,078	-	-
Economic development.....	539	-	-
Elder affairs.....	31,438	-	-
Consumer affairs.....	1,197	-	-
Labor.....	168,090	-	48,840
Direct local aid.....	-	-	-
Medicaid.....	-	-	-
Debt service:			
Principal retirement.....	-	-	-
Interest and fiscal charges.....	-	-	-
Total expenditures.....	<u>1,779,706</u>	<u>3,469,098</u>	<u>1,130,854</u>
Other financing uses:			
Fringe benefit cost assessment.....	32,282	2,063	262
Lottery operating reimbursements.....	-	73,222	-
Lottery distributions.....	-	882,197	-
Federal reimbursement transfer out.....	-	-	-
Tobacco settlement transfer.....	-	-	-
Health care quality improvement transfer.....	-	-	-
Operating transfers out.....	38,265	46,009	118,355
Total other financing uses.....	<u>70,547</u>	<u>1,003,491</u>	<u>118,617</u>
Total expenditures and other financing uses.....	<u>1,850,253</u>	<u>4,472,589</u>	<u>1,249,471</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	1,503	-	23,874
Fund balances (deficit) at beginning of year.....	8,380	-	118,715
Fund balances (deficit) at end of year.....	<u>\$ 9,883</u>	<u>\$ -</u>	<u>\$ 142,589</u>

Other	Totals (Memorandum only)	
	2003	2002
\$ 750,934	\$ 752,775	\$ 718,621
244,491	526,888	452,510
647,160	2,855,445	2,496,932
300,039	300,039	304,518
61,585	4,957,509	5,015,777
35,806	39,374	26,194
<u>2,040,015</u>	<u>9,432,030</u>	<u>9,014,552</u>
-	-	58,655
-	42,000	-
77,656	241,331	375,838
215,541	215,541	-
<u>293,197</u>	<u>498,872</u>	<u>434,493</u>
<u>2,333,212</u>	<u>9,930,902</u>	<u>9,449,045</u>
2,674	3,692	3,664
20	20	-
1,699	2,491	1,005
827,570	4,297,333	4,263,284
60	10,985	9,592
149	3,654	3,651
-	3,967	3,606
-	33	58
-	2,931	3,285
2,674	2,674	-
30,102	40,386	75,127
16,126	44,580	40,479
23	373,488	309,584
41,883	1,436,807	1,535,799
-	8,982	16,840
-	741,952	626,177
-	8,481	8,191
35,070	105,148	76,053
-	539	644
-	31,438	30,333
14,090	15,287	9,838
992	217,922	176,225
6,017	6,017	5,979
201,391	201,391	-
140	140	339
<u>77,060</u>	<u>77,060</u>	<u>77,074</u>
<u>1,257,740</u>	<u>7,637,398</u>	<u>7,276,827</u>
5,787	40,394	37,601
-	73,222	87,341
-	882,197	871,136
507,716	507,716	497,453
307,802	307,802	154,728
215,541	215,541	-
57,527	260,156	550,839
<u>1,094,373</u>	<u>2,287,028</u>	<u>2,199,098</u>
<u>2,352,113</u>	<u>9,924,426</u>	<u>9,475,925</u>
(18,901)	6,476	(26,880)
<u>729,001</u>	<u>856,096</u>	<u>882,976</u>
<u>\$ 710,100</u>	<u>\$ 862,572</u>	<u>\$ 856,096</u>

**Federal Grants Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Receivables, net of allowance for uncollectibles:		
Due from federal government.....	\$ 301,031	\$ 263,491
Total assets.....	\$ 301,031	\$ 263,491
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 46,347	\$ 77,225
Accounts payable.....	236,773	171,592
Accrued payroll.....	8,028	6,294
Total liabilities.....	291,148	255,111
Fund balance:		
Designated for specific purpose.....	9,883	8,380
Total fund balance (deficit).....	9,883	8,380
Total liabilities and fund balance.....	\$ 301,031	\$ 263,491

## Federal Grants Fund

### Statement of Revenues, Expenditures and Changes in Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Federal grants and reimbursements.....	\$ 1,851,680	\$ 1,595,335
Miscellaneous.....	76	89
Total revenues.....	1,851,756	1,595,424
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	1,851,756	1,595,424
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Judiciary.....	1,018	1,312
Secretary of the Commonwealth.....	792	1,005
Treasurer and Receiver-General.....	665	598
Attorney General.....	10,925	9,536
District Attorney.....	3,505	3,406
Sheriff's Departments.....	3,967	3,606
Disabled Persons Protection Commission.....	33	58
Board of Library Commissioners.....	2,931	3,285
Administration and finance.....	10,185	5,017
Environmental affairs.....	28,454	23,900
Communities and development.....	373,465	309,511
Health and human services.....	313,009	300,050
Transportation and construction.....	8,982	16,840
Education.....	741,952	626,177
Higher education.....	8,481	8,191
Public safety.....	70,078	43,858
Economic development.....	539	644
Elder affairs.....	31,438	30,333
Consumer affairs.....	1,197	1,127
Labor.....	168,090	142,295
Total expenditures.....	1,779,706	1,530,749
Other financing uses:		
Fringe benefit cost assessment.....	32,282	29,294
Operating transfers out.....	38,265	35,255
Total other financing uses.....	70,547	64,549
Total expenditures and other financing uses.....	1,850,253	1,595,298
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	1,503	126
Fund balance (deficit) at beginning of year.....	8,380	8,254
Fund balance (deficit) at end of year.....	\$ 9,883	\$ 8,380

**State Lottery Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 14,501	\$ 15,824
Receivables, net of allowance for uncollectibles:		
Other receivables.....	1,835	1,727
Total assets.....	\$ 16,336	\$ 17,551
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 16,336	\$ 17,551
Total liabilities.....	16,336	17,551
Fund balance:		
Undesignated.....	-	-
Total fund balance (deficit).....	-	-
Total liabilities and fund balance.....	\$ 16,336	\$ 17,551

**State Lottery Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	<u>2003</u>	<u>2002</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Taxes.....	\$ 1,841	\$ 2,026
Departmental.....	4,176,037	4,169,609
Miscellaneous.....	1,143	6,236
Total revenues.....	<u>4,179,021</u>	<u>4,177,871</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	<u>4,179,021</u>	<u>4,177,871</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Treasurer and Receiver-General.....	3,260,693	3,245,101
Total expenditures.....	<u>3,260,693</u>	<u>3,245,101</u>
Other financing uses:		
Fringe benefit cost assessment.....	2,063	2,481
Lottery operating reimbursements .....	66,673	71,177
Lottery distributions.....	803,583	792,522
Operating transfers out.....	46,009	54,682
Total other financing uses.....	<u>918,328</u>	<u>920,862</u>
Total expenditures and other financing uses.....	<u>4,179,021</u>	<u>4,165,963</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	-	11,908
Fund balance (deficit) at beginning of year.....	-	(11,908)
Fund balance (deficit) at end of year.....	<u>\$ -</u>	<u>\$ -</u>

**Arts Lottery Fund**  
Balance Sheet - Statutory Basis

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 25,575	\$ 4,373
Receivables, net of allowance for uncollectibles:		
Other receivables.....	709	1,856
Total assets.....	\$ 26,284	\$ 6,229
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 26,284	\$ 6,229
Total liabilities.....	26,284	6,229
Fund balance:		
Designated for specific purpose.....	-	-
Total fund balance (deficit).....	-	-
Total liabilities and fund balance.....	\$ 26,284	\$ 6,229

## Arts Lottery Fund

### Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ 247,128	\$ 248,271
Miscellaneous.....	431	733
Total revenues.....	247,559	249,004
Other financing sources:		
Operating transfers in.....	46,009	54,682
Total other financing sources.....	46,009	54,682
Total revenues and other financing sources.....	293,568	303,686
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Treasurer and Receiver-General.....	208,405	208,908
Total expenditures.....	208,405	208,908
Other financing uses:		
Lottery operating reimbursements .....	6,549	16,164
Lottery distributions.....	78,614	78,614
Total other financing uses.....	85,163	94,778
Total expenditures and other financing uses.....	293,568	303,686
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	-	-
Fund balance (deficit) at beginning of year.....	-	-
Fund balance (deficit) at end of year.....	\$ -	\$ -

**Uncompensated Care Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 142,404	\$ 115,924
Receivables, net of allowance for uncollectibles:		
Due from federal government.....	41,606	50,500
Other receivables.....	41,606	50,500
Total assets.....	\$ 225,616	\$ 216,924
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 91,005	\$ 112,451
Total liabilities.....	91,005	112,451
Fund balance:		
Designated for specific purpose.....	134,611	104,473
Total fund balance (deficit).....	134,611	104,473
Total liabilities and fund balance.....	\$ 225,616	\$ 216,924

## Uncompensated Care Fund

### Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Assessments.....	\$ 282,397	\$ 284,120
Federal grants and reimbursements.....	356,605	386,021
Departmental.....	429,271	498,049
Miscellaneous.....	1,780	2,645
Total revenues.....	1,070,053	1,170,835
Other financing sources:		
Operating transfers in.....	117,666	247,228
Tobacco settlement transfer.....	42,000	-
Total other financing sources.....	159,666	247,228
Total revenues and other financing sources.....	1,229,719	1,418,063
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Health and human services.....	1,081,915	1,225,987
Total expenditures.....	1,081,915	1,225,987
Other financing uses:		
Operating transfers out.....	117,666	187,029
Total other financing uses.....	117,666	187,029
Total expenditures and other financing uses.....	1,199,581	1,413,016
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	30,138	5,047
Fund balance (deficit) at beginning of year.....	104,473	99,426
Fund balance (deficit) at end of year.....	\$ 134,611	\$ 104,473

**Labor Shortage Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	\$ -	\$ -
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Designated for specific purpose.....	-	-
Total fund balance (deficit).....	-	-
Total liabilities and fund balance.....	\$ -	\$ -

**Labor Shortage Fund**

Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	<u>2003</u>	<u>2002</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Miscellaneous.....	\$ -	\$ 33
Total revenues.....	<u>-</u>	<u>33</u>
Other financing sources:		
Operating transfers in.....	<u>-</u>	<u>-</u>
Total other financing sources.....	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>-</u>	<u>33</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Higher education.....	<u>-</u>	<u>-</u>
Total expenditures.....	<u>-</u>	<u>-</u>
Other financing uses:		
Operating transfers out.....	<u>-</u>	<u>1,499</u>
Total other financing uses.....	<u>-</u>	<u>1,499</u>
Total expenditures and other financing uses.....	<u>-</u>	<u>1,499</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	<u>-</u>	<u>(1,466)</u>
Fund balance (deficit) at beginning of year.....	<u>-</u>	<u>1,466</u>
Fund balance (deficit) at end of year.....	<u>\$ -</u>	<u>\$ -</u>

**Medical Security Trust Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 9,624	\$ 15,358
Total assets.....	\$ 9,624	\$ 15,358
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 1,597	\$ 1,074
Accrued payroll.....	49	42
Total liabilities.....	1,646	1,116
Fund balance:		
Designated for specific purpose.....	7,978	14,242
Total fund balance (deficit).....	7,978	14,242
Total liabilities and fund balance.....	\$ 9,624	\$ 15,358

**Medical Security Trust Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ 43,488	\$ 45,505
Miscellaneous.....	138	2,328
Total revenues.....	43,626	47,833
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	43,626	47,833
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Administration and finance.....	99	102
Labor.....	48,840	31,139
Total expenditures.....	48,939	31,241
Other financing uses:		
Fringe benefit cost assessment.....	262	272
Operating transfers out.....	689	142,488
Total other financing uses.....	951	142,760
Total expenditures and other financing uses.....	49,890	174,001
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(6,264)	(126,168)
Fund balance (deficit) at beginning of year.....	14,242	140,410
Fund balance (deficit) at end of year.....	\$ 7,978	\$ 14,242

**Department of Telecommunication and Energy Trust Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 542	\$ 353
Total assets.....	\$ 542	\$ 353
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 248	\$ 209
Accrued payroll.....	43	14
Total liabilities.....	291	223
Fund balance:		
Designated for specific purpose.....	251	130
Total fund balance (deficit).....	251	130
Total liabilities and fund balance.....	\$ 542	\$ 353

**Department of Telecommunication and Energy Trust Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Assessments.....	\$ 3,179	\$ 3,012
Departmental.....	105	428
Total revenues.....	3,284	3,440
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	3,284	3,440
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Consumer affairs.....	2,888	3,233
Total expenditures.....	2,888	3,233
Other financing uses:		
Fringe benefit cost assessment.....	270	254
Operating transfers out.....	5	2
Total other financing uses.....	275	256
Total expenditures and other financing uses.....	3,163	3,489
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	121	(49)
Fund balance (deficit) at beginning of year.....	130	179
Fund balance (deficit) at end of year.....	\$ 251	\$ 130

**Liability Management and Reduction Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 1,957	\$ 2,360
Total assets.....	\$ 1,957	\$ 2,360
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 517	\$ 700
Accrued payroll.....	2	2
Total liabilities.....	519	702
Fund balance:		
Designated for specific purpose.....	1,438	1,658
Total fund balance (deficit).....	1,438	1,658
Total liabilities and fund balance.....	\$ 1,957	\$ 2,360

## Liability Management and Reduction Fund

### Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ 2,497	\$ 2,602
Miscellaneous.....	30	40
Total revenues.....	2,527	2,642
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	2,527	2,642
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Attorney General.....	60	56
Comptroller.....	2,674	2,502
Total expenditures.....	2,734	2,558
Other financing uses:		
Fringe benefit cost assessment.....	13	12
Total other financing uses.....	13	12
Total expenditures and other financing uses.....	2,747	2,570
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(220)	72
Fund balance (deficit) at beginning of year.....	1,658	1,586
Fund balance (deficit) at end of year.....	\$ 1,438	\$ 1,658

**Debt Defeasance Trust Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 7,465	\$ 7,465
Total assets.....	\$ 7,465	\$ 7,465
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Reserved fund balance:		
Reserved for capital projects.....	7,465	7,465
Total fund balance (deficit).....	7,465	7,465
Total liabilities and fund balance.....	\$ 7,465	\$ 7,465

**Debt Defeasance Trust Fund**

Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	<u>2003</u>	<u>2002</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Miscellaneous.....	\$ -	\$ -
Total revenues.....	<u>-</u>	<u>-</u>
Other financing sources:		
Debt defeasance trust transfer.....	<u>-</u>	<u>-</u>
Total other financing sources.....	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>-</u>	<u>-</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Treasurer and Receiver - General.....	<u>-</u>	<u>-</u>
Total expenditures.....	<u>-</u>	<u>-</u>
Other financing uses:		
Payments to refunded bond escrow agent.....	<u>-</u>	<u>-</u>
Total other financing uses.....	<u>-</u>	<u>-</u>
Total expenditures and other financing uses.....	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	-	-
Fund balance (deficit) at beginning of year.....	<u>7,465</u>	<u>7,465</u>
Fund balance (deficit) at end of year.....	<u>\$ 7,465</u>	<u>\$ 7,465</u>

**Health Care Security Trust Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 19,750	\$ 35,508
Investments.....	476,789	481,410
Other receivables .....	-	9,882
Total assets.....	\$ 496,539	\$ 526,800
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 18,766	\$ 17,715
Accrued payroll.....	3	-
Total liabilities.....	18,769	17,715
Fund balance:		
Designated for specific purpose.....	477,770	509,085
Total fund balance (deficit).....	477,770	509,085
Total liabilities and fund balance.....	\$ 496,539	\$ 526,800

**Health Care Security Trust Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	<u>2003</u>	<u>2002</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Assessments.....	\$ 69,312	\$ -
Federal grants reimbursements.....	100,426	-
Tobacco settlement revenue.....	300,039	304,518
Miscellaneous income (loss).....	24,270	(4,445)
Total revenues.....	<u>494,047</u>	<u>300,073</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	<u>494,047</u>	<u>300,073</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Administration and finance .....	7	-
Health and human services .....	1,999	1,130
Total expenditures.....	<u>2,006</u>	<u>1,130</u>
Other financing uses:		
Fringe benefit cost assessment.....	13	-
Tobacco settlement transfer.....	307,802	154,728
Operating transfers out.....	-	60,000
Health care quality improvement transfer.....	215,541	-
Total other financing uses.....	<u>523,356</u>	<u>214,728</u>
Total expenditures and other financing uses.....	<u>525,362</u>	<u>215,858</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(31,315)	84,215
Fund balance (deficit) at beginning of year.....	<u>509,085</u>	<u>424,870</u>
Fund balance (deficit) at end of year.....	<u>\$ 477,770</u>	<u>\$ 509,085</u>

**Commonwealth of Massachusetts Civil Monetary Penalty (CMP) Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 1,537	\$ 1,244
Total assets.....	\$ 1,537	\$ 1,244
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 31	\$ 3
Total liabilities.....	31	3
Fund balance:		
Designated for specific purpose.....	1,506	1,241
Total fund balance (deficit).....	1,506	1,241
Total liabilities and fund balance.....	\$ 1,537	\$ 1,244

**Commonwealth of Massachusetts Civil Monetary Penalty (CMP) Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	<u>2003</u>	<u>2002</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ 409	\$ 902
Total revenues.....	<u>409</u>	<u>902</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	<u>409</u>	<u>902</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Health and human services.....	144	3
Total expenditures.....	<u>144</u>	<u>3</u>
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	<u>144</u>	<u>3</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	265	899
Fund balance (deficit) at beginning of year.....	1,241	342
Fund balance (deficit) at end of year.....	<u>\$ 1,506</u>	<u>\$ 1,241</u>

**MBTA State and Local Contribution Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 66,122	\$ 94,303
Total assets.....	\$ 66,122	\$ 94,303
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 66,122	\$ 94,303
Total liabilities.....	66,122	94,303
Fund balance:		
Designated for specific purpose.....	-	-
Total fund balance (deficit).....	-	-
Total liabilities and fund balance.....	\$ 66,122	\$ 94,303

**MBTA State and Local Contribution Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Taxes.....	\$ 684,280	\$ 664,350
Assessment.....	141,143	142,848
Total revenues.....	825,423	807,198
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	825,423	807,198
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Treasurer and Receiver-General.....	825,423	807,198
Total expenditures.....	825,423	807,198
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	825,423	807,198
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	-	-
Fund balance (deficit) at beginning of year.....	-	-
Fund balance (deficit) at end of year.....	\$ -	\$ -

**Catastrophic Illness in Children Relief Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 4,639	\$ 5,141
Total assets.....	\$ 4,639	\$ 5,141
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 28	\$ 42
Total liabilities.....	28	42
Fund balance:		
Designated for specific purpose.....	4,611	5,099
Total fund balance (deficit).....	4,611	5,099
Total liabilities and fund balance.....	\$ 4,639	\$ 5,141

**Catastrophic Illness in Children Relief Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Miscellaneous.....	\$ 71	\$ 70
Total revenues.....	71	70
Other financing sources:		
Operating transfers in.....	650	2,449
Total other financing sources.....	650	2,449
Total revenues and other financing sources.....	721	2,519
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Health and human services.....	1,209	120
Total expenditures.....	1,209	120
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	1,209	120
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(488)	2,399
Fund balance (deficit) at beginning of year.....	5,099	2,700
Fund balance (deficit) at end of year.....	\$ 4,611	\$ 5,099

**MBTA Infrastructure Renovation Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 45,436	\$ 46,920
Total assets.....	\$ 45,436	\$ 46,920
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Designated for specific purpose.....	45,436	46,920
Total fund balance (deficit).....	45,436	46,920
Total liabilities and fund balance.....	\$ 45,436	\$ 46,920

**MBTA Infrastructure Renovation Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Miscellaneous.....	\$ 663	\$ 1,791
Total revenues.....	663	1,791
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	663	1,791
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Treasurer and Receiver-General.....	2,147	1,479
Total expenditures.....	2,147	1,479
Other financing uses:		
Operating transfers out.....	-	24,000
Total other financing uses.....	-	24,000
Total expenditures and other financing uses.....	2,147	25,479
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(1,484)	(23,688)
Fund balance (deficit) at beginning of year.....	46,920	70,608
Fund balance (deficit) at end of year.....	\$ 45,436	\$ 46,920

**Community Preservation Trust Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 94,051	\$ 57,973
Total assets.....	\$ 94,051	\$ 57,973
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Designated for specific purpose.....	94,051	57,973
Total fund balance (deficit).....	94,051	57,973
Total liabilities and fund balance.....	\$ 94,051	\$ 57,973

**Community Preservation Trust Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Taxes.....	\$ 53,503	\$ 42,451
Miscellaneous.....	625	-
Total revenues.....	54,128	42,451
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	54,128	42,451
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Administration and finance.....	18,015	253
Total expenditures.....	18,015	253
Other financing uses:		
Fringe benefit cost assessment .....	35	56
Total other financing uses.....	35	56
Total expenditures and other financing uses.....	18,050	309
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	36,078	42,142
Fund balance (deficit) at beginning of year.....	57,973	15,831
Fund balance (deficit) at end of year.....	\$ 94,051	\$ 57,973

**Health Insurance Portability and Accountability Act Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 16,479	\$ 15,993
Receivables, net of allowance for uncollectibles:		
Due from federal government.....	1,726	2,337
Total assets.....	\$ 18,205	\$ 18,330
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 3,748	\$ 930
Accrued payroll.....	25	9
Total liabilities.....	3,773	939
Fund balance:		
Designated for specific purpose.....	14,432	17,391
Total fund balance (deficit).....	14,432	17,391
Total liabilities and fund balance.....	\$ 18,205	\$ 18,330

**Health Insurance Portability and Accountability Act Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	<u>2003</u>	<u>2002</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Federal grants and reimbursements.....	\$ 23,473	\$ 5,429
Total revenues.....	<u>23,473</u>	<u>5,429</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	<u>23,473</u>	<u>5,429</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Administration and finance.....	66	-
Health and human services.....	<u>26,254</u>	<u>7,988</u>
Total expenditures.....	<u>26,320</u>	<u>7,988</u>
Other financing uses:		
Fringe benefit cost assessment.....	<u>112</u>	<u>50</u>
Total other financing uses.....	<u>112</u>	<u>50</u>
Total expenditures and other financing uses.....	<u>26,432</u>	<u>8,038</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(2,959)	(2,609)
Fund balance (deficit) at beginning of year.....	<u>17,391</u>	<u>20,000</u>
Fund balance (deficit) at end of year.....	<u>\$ 14,432</u>	<u>\$ 17,391</u>

**State Racing Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 3,001	\$ 1,455
Total assets.....	3,001	\$ 1,455
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 60	\$ -
Accrued payroll.....	8	-
Total liabilities.....	68	-
Fund balance:		
Designated for specific purpose.....	2,933	1,455
Total fund balance (deficit).....	2,933	1,455
Total liabilities and fund balance.....	\$ 3,001	\$ 1,455

**State Racing Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	<u>2003</u>	<u>2002</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Taxes.....	\$ 6,547	\$ 4,107
Assessments.....	762	423
Departmental.....	1,064	459
Miscellaneous.....	1,602	1,513
Total revenues.....	<u>9,975</u>	<u>6,502</u>
Other financing sources:		
Operating transfers in.....	<u>-</u>	<u>-</u>
Total other financing sources.....	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>9,975</u>	<u>6,502</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Environmental affairs.....	262	-
Health and human services.....	62	-
Consumer affairs.....	4,425	2,227
Total expenditures.....	<u>4,749</u>	<u>2,227</u>
Other financing uses:		
Fringe benefit cost assessment.....	19	-
Operating transfers out.....	3,729	2,820
Total other financing uses.....	<u>3,748</u>	<u>2,820</u>
Total expenditures and other financing uses.....	<u>8,497</u>	<u>5,047</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	1,478	1,455
Fund balance (deficit) at beginning of year.....	1,455	-
Fund balance (deficit) at end of year.....	<u>\$ 2,933</u>	<u>\$ 1,455</u>

**Division of Professional Licensure Trust Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 256	\$ 799
Total assets.....	\$ 256	\$ 799
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 48	\$ 6
Accrued payroll.....	145	92
Total liabilities.....	193	98
Fund balance:		
Designated for specific purpose.....	63	701
Total fund balance (deficit).....	63	701
Total liabilities and fund balance.....	\$ 256	\$ 799

**Division of Professional Licensure Trust Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	<u>2003</u>	<u>2002</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ 1,844	\$ 1,019
Total revenues.....	<u>1,844</u>	<u>1,019</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>1,844</u>	<u>1,019</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Consumer affairs.....	1,541	287
Total expenditures.....	<u>1,541</u>	<u>287</u>
Other financing uses:		
Fringe benefit cost assessment.....	232	31
Operating transfers out.....	709	-
Total other financing uses.....	<u>941</u>	<u>31</u>
Total expenditures and other financing uses.....	<u>2,482</u>	<u>318</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(638)	701
Fund balance (deficit) at beginning of year.....	<u>701</u>	<u>-</u>
Fund balance (deficit) at end of year.....	<u>\$ 63</u>	<u>\$ 701</u>

**Victims of Drunk Driving Trust Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 374	\$ 17
Total assets.....	\$ 374	\$ 17
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Designated for specific purpose.....	374	17
Total fund balance (deficit).....	374	17
Total liabilities and fund balance.....	\$ 374	\$ 17

**Victims of Drunk Driving Trust Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	<u>2003</u>	<u>2002</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ 357	\$ 17
Total revenues.....	<u>357</u>	<u>17</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	<u>357</u>	<u>17</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Attorney General.....	-	-
Total expenditures.....	-	-
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	357	17
Fund balance (deficit) at beginning of year.....	17	-
Fund balance (deficit) at end of year.....	<u>\$ 374</u>	<u>\$ 17</u>

**Health Care Quality Improvement Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 13,828	\$ -
Total assets.....	\$ 13,828	\$ -
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 11,518	\$ -
Total liabilities.....	11,518	-
Fund balance:		
Designated for specific purpose.....	2,310	-
Total fund balance (deficit).....	2,310	-
Total liabilities and fund balance.....	\$ 13,828	\$ -

**Health Care Quality Improvement Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Health care security trust transfer.....	215,541	-
Total other financing sources.....	215,541	-
Total revenues and other financing sources.....	215,541	-
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Health and human services.....	11,840	-
Medicaid.....	201,391	-
Total expenditures.....	213,231	-
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	213,231	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	2,310	-
Fund balance (deficit) at beginning of year.....	-	-
Fund balance (deficit) at end of year.....	\$ 2,310	\$ -

**Department of Fire Services Hazardous Material Emergency Mitigation Response  
Recovery Trust Fund  
Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 38	\$ -
Total assets.....	\$ 38	\$ -
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Designated for specific purpose.....	38	-
Total fund balance (deficit).....	38	-
Total liabilities and fund balance.....	\$ 38	\$ -

**Department of Fire Services Hazardous Material Emergency Mitigation Response  
Recovery Trust Fund**

Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	<u>2003</u>	<u>2002</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ 40	\$ -
Total revenues.....	<u>40</u>	<u>-</u>
Other financing sources:		
Operating transfers in.....	<u>-</u>	<u>-</u>
Total other financing sources.....	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>40</u>	<u>-</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Public safety.....	<u>2</u>	<u>-</u>
Total expenditures.....	<u>2</u>	<u>-</u>
Other financing uses:		
Operating transfers out.....	<u>-</u>	<u>-</u>
Total other financing uses.....	<u>-</u>	<u>-</u>
Total expenditures and other financing uses.....	<u>2</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	38	-
Fund balance (deficit) at beginning of year.....	<u>-</u>	<u>-</u>
Fund balance (deficit) at end of year.....	<u>\$ 38</u>	<u>\$ -</u>

**Registers Technological Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 1,246	\$ -
Total assets.....	\$ 1,246	\$ -
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	614	-
Accrued payroll.....	75	-
Total liabilities.....	689	-
Fund balance:		
Designated for specific purpose.....	557	-
Total fund balance (deficit).....	557	-
Total liabilities and fund balance.....	\$ 1,246	\$ -

**Registers Technological Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ 2,307	\$ -
Total revenues.....	2,307	-
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	2,307	-
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Judiciary.....	15	-
Secretary of the Commonwealth.....	1,699	-
Total expenditures.....	1,714	-
Other financing uses:		
Fringe benefit cost assessment.....	28	-
Operating transfers out.....	8	-
Total other financing uses.....	36	-
Total expenditures and other financing uses.....	1,750	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	557	-
Fund balance (deficit) at beginning of year.....	-	-
Fund balance (deficit) at end of year.....	\$ 557	\$ -

**County Registers Technological Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 846	\$ -
Total assets.....	\$ 846	\$ -
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Designated for specific purpose.....	846	-
Total fund balance (deficit).....	846	-
Total liabilities and fund balance.....	\$ 846	\$ -

**County Registers Technological Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ 846	\$ -
Total revenues.....	846	-
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	846	-
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Judiciary.....	-	-
Total expenditures.....	-	-
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	846	-
Fund balance (deficit) at beginning of year.....	-	-
Fund balance (deficit) at end of year.....	\$ 846	\$ -

**Government Land Bank Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	\$ -	\$ -
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 35,097	\$ 35,097
Total liabilities.....	35,097	35,097
Fund balance:		
Undesignated.....	(35,097)	(35,097)
Total fund balance (deficit).....	(35,097)	(35,097)
Total liabilities and fund balance.....	\$ -	\$ -

**Government Land Bank Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ 194	\$ 193
Total revenues.....	194	193
Other financing sources:		
Operating transfers in.....	2,184	2,263
Total other financing sources.....	2,184	2,263
Total revenues and other financing sources.....	2,378	2,456
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Debt service:		
Principal retirement.....	140	212
Interest and fiscal charges.....	2,238	2,244
Total expenditures.....	2,378	2,456
Other financing uses:		
Transfer for capital projects due to debt defeasance.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	2,378	2,456
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	-	-
Fund balance (deficit) at beginning of year.....	(35,097)	(35,097)
Fund balance (deficit) at end of year.....	\$ (35,097)	\$ (35,097)

**Mosquito And Greenhead Fly Control Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 353	\$ -
Total assets.....	\$ 353	\$ -
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ -	\$ 689
Accounts payable.....	289	263
Accrued payroll.....	180	152
Total liabilities.....	469	1,104
Fund balance:		
Undesignated.....	(116)	(1,104)
Total fund balance (deficit).....	(116)	(1,104)
Total liabilities and fund balance.....	\$ 353	\$ -

**Mosquito And Greenhead Fly Control Fund**  
**Statement of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	<u>2003</u>	<u>2002</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Assessments.....	\$ 6,902	\$ 6,393
Departmental.....	611	625
Total revenues.....	<u>7,513</u>	<u>7,018</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	<u>7,513</u>	<u>7,018</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Environmental affairs.....	6,515	5,811
Total expenditures.....	<u>6,515</u>	<u>5,811</u>
Other financing uses:		
Operating transfers out.....	10	6
Total other financing uses.....	10	6
Total expenditures and other financing uses.....	<u>6,525</u>	<u>5,817</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	988	1,201
Fund balance (deficit) at beginning of year.....	<u>(1,104)</u>	<u>(2,305)</u>
Fund balance (deficit) at end of year.....	<u>\$ (116)</u>	<u>\$ (1,104)</u>

**Federally-Assisted Housing Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	\$ -	\$ -
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Designated for specific purpose.....	-	-
Total fund balance (deficit).....	-	-
Total liabilities and fund balance.....	\$ -	\$ -

**Federally-Assisted Housing Fund**

Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	<u>2003</u>	<u>2002</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ -	\$ 131
Total revenues.....	<u>-</u>	<u>131</u>
Other financing sources:		
Operating transfers in.....	<u>-</u>	<u>5</u>
Total other financing sources.....	<u>-</u>	<u>5</u>
Total revenues and other financing sources.....	<u>-</u>	<u>136</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Debt service:		
Principal retirement.....	-	127
Interest and fiscal charges.....	<u>-</u>	<u>9</u>
Total expenditures.....	<u>-</u>	<u>136</u>
Other financing uses:		
Transfer for capital projects due to debt defeasance.....	<u>-</u>	<u>-</u>
Total other financing uses.....	<u>-</u>	<u>-</u>
Total expenditures and other financing uses.....	<u>-</u>	<u>136</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	-	-
Fund balance (deficit) at beginning of year.....	<u>-</u>	<u>-</u>
Fund balance (deficit) at end of year.....	<u>\$ -</u>	<u>\$ -</u>

**Oil Overcharge Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 4,331	\$ 6,610
Total assets.....	\$ 4,331	\$ 6,610
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 32	\$ 236
Accrued payroll.....	45	29
Total liabilities.....	77	265
Fund balance:		
Designated for specific purpose.....	4,254	6,345
Total fund balance (deficit).....	4,254	6,345
Total liabilities and fund balance.....	\$ 4,331	\$ 6,610

**Oil Overcharge Fund**  
Statement of Revenues, Expenditures and Changes in Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	<u>2003</u>	<u>2002</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Federal grants and reimbursements.....	\$ 2	\$ 4
Miscellaneous.....	<u>75</u>	<u>224</u>
Total revenues.....	<u>77</u>	<u>228</u>
Other financing sources:		
Operating transfers in.....	<u>-</u>	<u>-</u>
Total other financing sources.....	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>77</u>	<u>228</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Governor and Lieutenant Governor.....	20	-
Communities and development.....	23	73
Public safety.....	-	6
Consumer affairs.....	<u>1,879</u>	<u>1,539</u>
Total expenditures.....	<u>1,922</u>	<u>1,618</u>
Other financing uses:		
Fringe benefit cost assessment.....	231	156
Operating transfers out.....	<u>15</u>	<u>14</u>
Total other financing uses.....	<u>246</u>	<u>170</u>
Total expenditures and other financing uses.....	<u>2,168</u>	<u>1,788</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(2,091)	(1,560)
Fund balance (deficit) at beginning of year.....	<u>6,345</u>	<u>7,905</u>
Fund balance (deficit) at end of year.....	<u>\$ 4,254</u>	<u>\$ 6,345</u>

**Environmental Trust Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 6,169	\$ 5,956
Total assets.....	\$ 6,169	\$ 5,956
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 497	\$ 214
Accrued payroll.....	4	5
Total liabilities.....	501	219
Fund balance:		
Designated for specific purpose.....	5,668	5,737
Total fund balance (deficit).....	5,668	5,737
Total liabilities and fund balance.....	\$ 6,169	\$ 5,956

**Environmental Trust Fund**

Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	<u>2003</u>	<u>2002</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ 1,403	\$ 1,450
Miscellaneous.....	83	154
Total revenues.....	<u>1,486</u>	<u>1,604</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	<u>1,486</u>	<u>1,604</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Environmental affairs.....	1,366	1,675
Public safety.....	103	143
Total expenditures.....	<u>1,469</u>	<u>1,818</u>
Other financing uses:		
Fringe benefit cost assessment.....	23	24
Operating transfers out.....	63	67
Total other financing uses.....	<u>86</u>	<u>91</u>
Total expenditures and other financing uses.....	<u>1,555</u>	<u>1,909</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(69)	(305)
Fund balance (deficit) at beginning of year.....	<u>5,737</u>	<u>6,042</u>
Fund balance (deficit) at end of year.....	<u>\$ 5,668</u>	<u>\$ 5,737</u>

**Children's Trust Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 272	\$ 295
Total assets.....	\$ 272	\$ 295
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 9	\$ 3
Total liabilities.....	9	3
Fund balance:		
Designated for specific purpose.....	263	292
Total fund balance (deficit).....	263	292
Total liabilities and fund balance.....	\$ 272	\$ 295

**Children's Trust Fund**

Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	<u>2003</u>	<u>2002</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Miscellaneous.....	\$ 3	\$ 7
Total revenues.....	<u>3</u>	<u>7</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	<u>-</u>	<u>-</u>
Total revenues and other financing sources.....	<u>3</u>	<u>7</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Health and human services.....	<u>20</u>	<u>20</u>
Total expenditures.....	<u>20</u>	<u>20</u>
Other financing uses:		
Operating transfers out.....	<u>12</u>	<u>4</u>
Total other financing uses.....	<u>12</u>	<u>4</u>
Total expenditures and other financing uses.....	<u>32</u>	<u>24</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(29)	(17)
Fund balance (deficit) at beginning of year.....	<u>292</u>	<u>309</u>
Fund balance (deficit) at end of year.....	<u>\$ 263</u>	<u>\$ 292</u>

**Child Support Enforcement Fund**  
Balance Sheet - Statutory Basis

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 3,841	\$ 3,773
Receivables, net of allowance for uncollectibles:		
Due from federal government.....	1,907	1,009
Total assets.....	\$ 5,748	\$ 4,782
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 1,520	\$ 879
Accrued payroll.....	201	164
Total liabilities.....	1,721	1,043
Fund balance:		
Designated for specific purpose.....	4,027	3,739
Total fund balance (deficit).....	4,027	3,739
Total liabilities and fund balance.....	\$ 5,748	\$ 4,782

**Child Support Enforcement Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Federal grants and reimbursements.....	\$ 15,543	\$ 12,690
Departmental.....	7	6
Miscellaneous.....	1	-
Total revenues.....	15,551	12,696
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	15,551	12,696
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Judiciary.....	2,659	2,352
District Attorney.....	149	245
Administration and finance.....	12,014	6,724
Health and human services.....	147	142
Public safety.....	5	5
Labor.....	57	60
Total expenditures.....	15,031	9,528
Other financing uses:		
Fringe benefit cost assessment.....	223	315
Operating transfers out.....	9	236
Total other financing uses.....	232	551
Total expenditures and other financing uses.....	15,263	10,079
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	288	2,617
Fund balance (deficit) at beginning of year.....	3,739	1,122
Fund balance (deficit) at end of year.....	\$ 4,027	\$ 3,739

**Department of Industrial Accidents Special Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 14,809	\$ 7,999
Total assets.....	\$ 14,809	\$ 7,999
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 80	\$ 361
Total liabilities.....	80	361
Fund balance:		
Designated for specific purpose.....	14,729	7,638
Total fund balance (deficit).....	14,729	7,638
Total liabilities and fund balance.....	\$ 14,809	\$ 7,999

**Department of Industrial Accidents Special Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Assessments.....	\$ 23,193	\$ 15,714
Departmental.....	6,005	5,042
Miscellaneous.....	209	342
Total revenues.....	29,407	21,098
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	29,407	21,098
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Labor.....	935	2,731
Total expenditures.....	935	2,731
Other financing uses:		
Fringe benefit cost assessment.....	2,970	2,966
Operating transfers out.....	18,411	17,829
Total other financing uses.....	21,381	20,795
Total expenditures and other financing uses.....	22,316	23,526
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	7,091	(2,428)
Fund balance (deficit) at beginning of year.....	7,638	10,066
Fund balance (deficit) at end of year.....	\$ 14,729	\$ 7,638

**County Correction Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 2,777	\$ 2,190
Total assets.....	\$ 2,777	\$ 2,190
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Designated for specific purpose.....	2,777	2,190
Total fund balance (deficit).....	2,777	2,190
Total liabilities and fund balance.....	\$ 2,777	\$ 2,190

**County Correction Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	<u>2003</u>	<u>2002</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Taxes.....	\$ 6,604	\$ 5,687
Total revenues.....	<u>6,604</u>	<u>5,687</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	<u>6,604</u>	<u>5,687</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Direct local aid.....	6,017	5,979
Total expenditures.....	<u>6,017</u>	<u>5,979</u>
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	<u>6,017</u>	<u>5,979</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	587	(292)
Fund balance (deficit) at beginning of year.....	2,190	2,482
Fund balance (deficit) at end of year.....	<u>\$ 2,777</u>	<u>\$ 2,190</u>

**Massachusetts AIDS Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 242	\$ 100
Total assets.....	\$ 242	\$ 100
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ 46
Total liabilities.....	-	46
Fund balance:		
Designated for specific purpose.....	242	54
Total fund balance (deficit).....	242	54
Total liabilities and fund balance.....	\$ 242	\$ 100

**Massachusetts AIDS Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Miscellaneous.....	\$ 188	\$ 163
Total revenues.....	188	163
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	188	163
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Health and human services.....	-	252
Total expenditures.....	-	252
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	-	252
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	188	(89)
Fund balance (deficit) at beginning of year.....	54	143
Fund balance (deficit) at end of year.....	\$ 242	\$ 54

**Board Of Registration In Medicine Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts In Thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 625	\$ 208
Total assets.....	\$ 625	\$ 208
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 472	\$ 184
Accrued payroll.....	153	24
Total liabilities.....	625	208
Fund balance:		
Designated for specific purpose.....	-	-
Total fund balance (deficit).....	-	-
Total liabilities and fund balance.....	\$ 625	\$ 208

**Board Of Registration In Medicine Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ 4,550	\$ 1,805
Total revenues.....	4,550	1,805
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	4,550	1,805
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Administration and finance.....	-	1
Health and human services.....	41	-
Consumer affairs.....	3,357	1,425
Total expenditures.....	3,398	1,426
Other financing uses:		
Fringe benefit cost assessment.....	193	130
Operating transfers out.....	959	249
Total other financing uses.....	1,152	379
Total expenditures and other financing uses.....	4,550	1,805
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	-	-
Fund balance (deficit) at beginning of year.....	-	-
Fund balance (deficit) at end of year.....	\$ -	\$ -

**Water Pollution Abatement Projects Administration Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 1,385	\$ 2,342
Total assets.....	\$ 1,385	\$ 2,342
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 939	\$ 777
Accrued payroll.....	177	169
Total liabilities.....	1,116	946
Fund balance:		
Designated for specific purpose.....	269	1,396
Total fund balance (deficit).....	269	1,396
Total liabilities and fund balance.....	\$ 1,385	\$ 2,342

**Water Pollution Abatement Projects Administration Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Miscellaneous.....	\$ 7,600	\$ 10,679
Total revenues.....	7,600	10,679
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	7,600	10,679
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Environmental affairs.....	6,452	7,154
Total expenditures.....	6,452	7,154
Other financing uses:		
Fringe benefit cost assessment.....	851	966
Operating transfers out.....	1,424	1,261
Total other financing uses.....	2,275	2,227
Total expenditures and other financing uses.....	8,727	9,381
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(1,127)	1,298
Fund balance (deficit) at beginning of year.....	1,396	98
Fund balance (deficit) at end of year.....	\$ 269	\$ 1,396

**Commonwealth Sewer Rate Relief Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 30	\$ 30
Total assets.....	\$ 30	\$ 30
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Designated for specific purpose.....	30	30
Total fund balance (deficit).....	30	30
Total liabilities and fund balance.....	\$ 30	\$ 30

**Commonwealth Sewer Rate Relief Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Sewer rate relief.....	-	58,655
Total other financing sources.....	-	58,655
Total revenues and other financing sources.....	-	58,655
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Administration and finance.....	-	60,528
Total expenditures.....	-	60,528
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	-	60,528
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	-	(1,873)
Fund balance (deficit) at beginning of year.....	30	1,903
Fund balance (deficit) at end of year.....	\$ 30	\$ 30

**Motor Vehicle Safety Inspection Trust Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	\$ -	\$ -
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 30,868	\$ 24,477
Accounts payable.....	755	478
Accrued payroll.....	107	101
Total liabilities.....	31,730	25,056
Fund balance:		
Undesignated.....	(31,730)	(25,056)
Total fund balance (deficit).....	(31,730)	(25,056)
Total liabilities and fund balance.....	\$ -	\$ -

**Motor Vehicle Safety Inspection Trust Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ 39,018	\$ 39,378
Total revenues.....	39,018	39,378
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	39,018	39,378
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Environmental affairs.....	1,531	1,939
Public safety.....	34,960	32,041
Total expenditures.....	36,491	33,980
Other financing uses:		
Fringe benefit cost assessment.....	574	594
Operating transfers out.....	8,627	14,405
Total other financing uses.....	9,201	14,999
Total expenditures and other financing uses.....	45,692	48,979
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(6,674)	(9,601)
Fund balance (deficit) at beginning of year.....	(25,056)	(15,455)
Fund balance (deficit) at end of year.....	\$ (31,730)	\$ (25,056)

**Child Care Quality Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 719	\$ 541
Total assets.....	\$ 719	\$ 541
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 27	\$ 10
Total liabilities.....	27	10
Fund balance:		
Designated for specific purpose.....	692	531
Total fund balance (deficit).....	692	531
Total liabilities and fund balance.....	\$ 719	\$ 541

**Child Care Quality Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ 328	\$ 286
Total revenues.....	328	286
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	328	286
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Health and human services.....	167	107
Total expenditures.....	167	107
Other financing uses:		
Fringe benefit cost assessment.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	167	107
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	161	179
Fund balance (deficit) at beginning of year.....	531	352
Fund balance (deficit) at end of year.....	\$ 692	\$ 531

**Grant Anticipation Note Trust Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

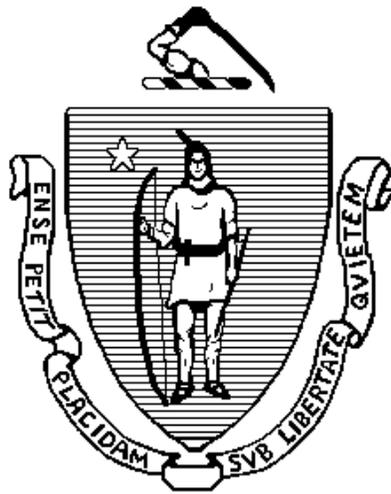
	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 10,263	\$ 33,507
Cash with fiscal agent.....	79,748	79,664
Receivables, net of allowance for uncollectibles:		
Due from federal government.....	83,622	66,999
Total assets.....	\$ 173,633	\$ 180,170
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Due to other funds.....	\$ 83,622	\$ 66,999
Total liabilities.....	83,622	66,999
Fund balance:		
Reserved fund balance:		
Reserved for debt service.....	79,748	79,664
Unreserved fund balance (deficit):		
Designated for specific purpose.....	10,263	33,507
Total fund balance (deficit).....	90,011	113,171
Total liabilities and fund balance.....	\$ 173,633	\$ 180,170

## Grant Anticipation Note Trust Fund

### Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Federal grants and reimbursements.....	\$ 507,716	\$ 497,453
Miscellaneous.....	386	3,592
Total revenues.....	508,102	501,045
Other financing sources:		
Operating transfers in.....	74,822	69,211
Total other financing sources.....	74,822	69,211
Total revenues and other financing sources.....	582,924	570,256
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Debt service:		
Interest and fiscal charges.....	74,822	74,821
Total expenditures.....	74,822	74,821
Other financing uses:		
Federal reimbursement transfers out.....	507,716	497,453
Operating transfers out.....	23,546	8,993
Total other financing uses.....	531,262	506,446
Total expenditures and other financing uses.....	606,084	581,267
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(23,160)	(11,011)
Fund balance (deficit) at beginning of year.....	113,171	124,182
Fund balance (deficit) at end of year.....	\$ 90,011	\$ 113,171



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# Capital Projects Funds

The Capital Projects Funds are used to account for the financial resources used to acquire or construct major capital assets of the Commonwealth and to finance local governmental capital projects.

**General Capital Projects Fund** - to account for proceeds of bonds sold to fund the construction or acquisition of capital assets for general Commonwealth purposes, excluding highway construction and projects targeted for specific localities or purposes.

**Capital Investment Trust Fund** - to account for a transfer from the General Fund to finance appropriated items of a capital nature pursuant to sections 2E and 107 of Chapter 88 of the Acts of 1997.

**Convention and Exhibition Center Capital Fund** - to account for proceeds of bonds to finance the construction of a convention center in Boston.

**Capital Improvements and Investment Trust Fund** - to account for the Commonwealth's reimbursement to cities and towns for expenses incurred for projects for construction and reconstruction of town and county ways.

**Capital Expenditure Reserve Fund** - to account for amounts paid by the Massachusetts Turnpike Authority as payment toward the acquisition cost of the Third Harbor Tunnel and Federal financial participation money related to expenditure amounts paid by the Massachusetts Port Authority as determined by a feasibility study; used to pay principal and interest on certain bonds, related notes or direct capital expenditures.

**Highway Capital Projects Fund** - to account for the proceeds of bonds sold to finance construction of state highways and to fund the Commonwealth's share of Federally sponsored highway construction.

**Federal Highway Construction Program Capital Projects Fund** - to account for federal highway construction grants which, with the Commonwealth's required share of matching funds, finance interstate

highways and similar projects within Massachusetts to promote a nationwide highway system.

**Central Artery Statewide Road and Bridge Infrastructure Fund** - to account for bond proceeds, certain revenues from Registry of Motor Vehicle fees, (net of debt service expenditures) and payments from authorities. The purpose of expenditures of the fund is to meet the estimated additional costs associated with the Central Artery/Ted Williams Tunnel Project and for costs of the statewide road and bridge program. As promulgated in Chapters 87 and 125 (sections 7 through 10) of the Acts of 2000, this fund also receives and expends interest revenue and receives and expends savings from the defeasance of debt that occurred during FY01.

**Capital Needs Investment Trust Fund** - to account for the activities promulgated in Chapter 159 of the Acts of 2000 (the General Appropriation Act,) Section 357. The fund accounts for certain transferred portions of tax revenues during FY01 through FY05 to the following funds and purposes: to the Affordable Housing Trust Fund, to the Department of Education for virtual education space, for its information management system and for technological purposes and curriculum development and finally, for the rehabilitation and reuse of mental health, mental retardation facilities and other capital needs of the Commonwealth. This fund was repealed effective June 30, 2003 according to Chapter 26, Acts of 2003, Section 531. All future activity will be reported in the General Fund. The fund balance at the end of FY2003 has been transferred to the Stabilization Fund.

## OTHER FUNDS:

These funds account for the proceeds of bonds used to finance land and transportation equipment for economic development.

**Government Land Bank Capital Projects Fund** - to account for proceeds of bonds used to finance the acquisition, holding, protection, maintenance, repair or use of lands and for personnel and the administrative costs of the Massachusetts Development Finance Agency.

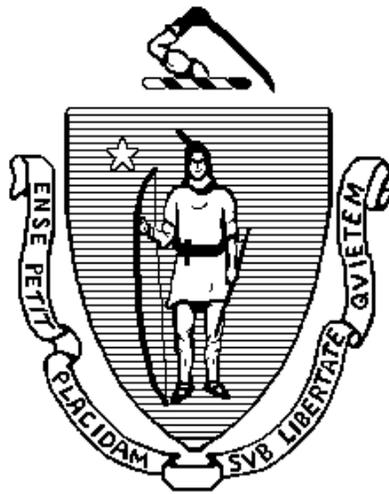
**Intercity Bus Capital Assistance Capital Projects Fund** - to account for proceeds of bonds used for the acquisition and leasing of inter-city coaches and for planning and other relevant costs.

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**LOCAL AID FUNDS:**

*Local Capital Projects Fund* - to account for the proceeds of bonds sold to finance the construction of correctional facilities, water pollution abatement projects and other local projects in specific localities of the Commonwealth. The fund accounts for the proceeds of bonds to finance improvements to lockup facilities, state police lockup facilities and to finance improvements to County Correctional Facilities, and other monies received by the Department of Environmental Management pertaining to state parks, reservations and recreation areas outside the metropolitan parks district; used for purposes of state parks, reservations and recreation areas outside the metropolitan parks district.



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**Capital Projects Funds**  
**Combining Balance Sheet - Statutory Basis**

June 30, 2003 and 2002  
(Amounts in thousands)

	General Capital Projects	Capital Investment Trust	Convention and Exhibition Center Capital	Capital Improvements and Investment Trust	Capital Expenditure Reserve
<b>ASSETS</b>					
Cash and short-term investments.....	\$ 139,158	\$ -	\$ -	\$ -	\$ -
Cash with fiscal agent.....	-	-	-	-	-
Due from other funds.....	-	-	-	-	-
Total assets.....	<u>\$ 139,158</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Deficiency in cash and short-term investments.....	\$ -	\$ 1,187	\$ 1,067	\$ 47,228	\$ 23,729
Accounts payable.....	101,781	184	19,501	7,700	-
Accrued payroll.....	1,075	-	-	8	-
Bonds and notes payable.....	300,000	-	482,000	-	75,100
Total liabilities.....	<u>402,856</u>	<u>1,371</u>	<u>502,568</u>	<u>54,936</u>	<u>98,829</u>
Fund balance:					
Reserved for:					
Debt service.....	-	-	-	-	-
Capital projects.....	-	-	-	-	-
Unreserved:					
Designated for specific purpose.....	-	-	-	-	-
Undesignated.....	(263,698)	(1,371)	(502,568)	(54,936)	(98,829)
Total fund balance (deficits).....	<u>(263,698)</u>	<u>(1,371)</u>	<u>(502,568)</u>	<u>(54,936)</u>	<u>(98,829)</u>
Total liabilities and fund balances.....	<u>\$ 139,158</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Highway Capital Projects	Federal Highway Construction Program	Central Artery Statewide Road and Bridge Infrastructure	Capital Needs Investment Trust	Government Land Bank Capital Projects	Intercity Bus Capital Assistance	Local Capital Projects	Totals (Memorandum only)	
							2003	2002
\$ -	\$ -	\$ 981,862	\$ -	\$ -	\$ -	\$ -	\$ 1,121,020	\$ 1,254,712
231,498	-	-	-	-	-	-	231,498	236,498
-	83,617	-	-	-	-	-	83,617	66,936
<u>\$ 231,498</u>	<u>\$ 83,617</u>	<u>\$ 981,862</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,436,135</u>	<u>\$ 1,558,146</u>
\$ 190,154	\$ 1,380	\$ -	\$ -	\$ 838	\$ -	\$ -	\$ 265,583	\$ 601,926
70,806	72,339	45,644	-	-	-	1,135	319,090	393,017
2,595	676	-	-	-	-	2	4,356	2,905
-	-	-	-	-	-	-	857,100	530,000
<u>263,555</u>	<u>74,395</u>	<u>45,644</u>	<u>-</u>	<u>838</u>	<u>-</u>	<u>1,137</u>	<u>1,446,129</u>	<u>1,527,848</u>
231,498	-	-	-	-	-	-	231,498	236,498
-	9,222	936,218	-	-	-	-	945,440	1,036,479
-	-	-	-	-	-	-	-	26,572
(263,555)	-	-	-	(838)	-	(1,137)	(1,186,932)	(1,269,251)
(32,057)	9,222	936,218	-	(838)	-	(1,137)	(9,994)	30,298
<u>\$ 231,498</u>	<u>\$ 83,617</u>	<u>\$ 981,862</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,436,135</u>	<u>\$ 1,558,146</u>

**Capital Projects Funds**  
 Combining Statements Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis

Fiscal Years Ended June 30, 2003 and 2002  
 (Amounts in thousands)

	General Capital Projects	Capital Investment Trust	Convention and Exhibition Center Capital	Capital Improvements and Investment Trust	Capital Expenditure Reserve
<b>REVENUES AND OTHER FINANCING SOURCES</b>					
Revenues:					
Federal grants and reimbursements.....	\$ -	\$ -	\$ -	\$ -	\$ -
Departmental.....	-	-	-	-	-
Payments from authorities.....	-	-	-	-	104,914
Miscellaneous.....	-	-	-	-	17
Total revenues.....	-	-	-	-	104,931
Other financing sources:					
Proceeds of general and special obligation bonds.....	624,722	-	-	-	-
Proceeds of refunding bonds.....	1,849,114	-	-	-	-
Transfer in due to debt defeasance.....	-	-	-	-	-
Operating transfers in.....	-	-	-	-	-
Federal reimbursement transfer in.....	-	-	-	-	-
State share of federal highway construction.....	-	-	-	-	-
Total other financing sources.....	2,473,836	-	-	-	-
Total revenues and other financing sources.....	2,473,836	-	-	-	104,931
<b>EXPENDITURES AND OTHER FINANCING USES</b>					
Expenditures:					
Legislature.....	-	-	-	-	-
Judiciary.....	18,865	-	-	-	-
Inspector General.....	1	-	-	-	-
Governor and Lieutenant Governor.....	-	-	-	-	-
Secretary of the Commonwealth.....	2,904	-	-	7,297	-
Treasurer and Receiver-General.....	2,500	-	-	-	-
Auditor of the Commonwealth.....	696	-	-	-	-
Attorney General.....	331	-	142	-	-
Ethics Commission.....	-	-	-	-	-
District Attorney.....	40	-	-	153	-
Office of Campaign & Political Finance.....	-	-	-	-	-
Sheriff's Departments.....	938	-	-	-	-
Disabled Persons Protection Commission.....	172	-	-	-	-
Board of Library Commissioners.....	6,100	-	-	10,847	-
Comptroller.....	9,857	-	-	2	-
Administration and finance.....	268,189	175	225,231	1,686	-
Environmental affairs.....	103,856	238	-	2,844	-
Communities and development.....	108,289	-	-	804	-
Health and human services.....	14,115	-	-	15	-
Transportation and construction.....	22,822	-	-	-	10,886
Education.....	465	-	-	8	-
Higher education.....	24,865	-	-	-	-
Public safety.....	51,003	-	-	1,157	-
Economic development.....	3,605	-	-	-	-
Consumer affairs.....	1,949	-	-	-	-
Labor.....	6,000	-	-	-	-
Interest and fiscal charges.....	-	-	-	-	-
Total expenditures.....	647,562	413	225,373	24,813	10,886
Other financing uses:					
Payments to refunded bond escrow agent.....	1,849,114	-	-	-	-
Fringe benefit cost assessment.....	5,067	1	3	40	-
State share of federal highway construction.....	-	-	-	-	-
Capital projects funds year end transfer.....	-	-	-	-	-
Operating transfers out.....	39,745	-	-	225	-
Fund consolidation transfer.....	-	-	-	-	-
Total other financing uses.....	1,893,926	1	3	265	-
Total expenditures and other financing uses.....	2,541,488	414	225,376	25,078	10,886
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(67,652)	(414)	(225,376)	(25,078)	94,045
Fund balances (deficits) at beginning of year.....	(196,046)	(957)	(277,192)	(29,858)	(192,874)
Fund balances (deficits) at end of year.....	\$ (263,698)	\$ (1,371)	\$ (502,568)	\$ (54,936)	\$ (98,829)

Highway Capital Projects	Federal Highway Construction Program	Central Artery Statewide Road and Bridge Infrastructure	Capital Needs Investment Trust	Government Land Bank Capital Projects	Intercity Bus Capital Assistance	Local Capital Projects	Totals	
							(Memorandum only)	
							2003	2002
\$ -	\$ 519	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 519	\$ 339
-	402	-	-	-	-	-	402	2,084
-	-	-	-	-	-	-	104,914	-
10,392	1,034	28,180	-	-	-	-	39,623	52,587
10,392	1,955	28,180	-	-	-	-	145,458	55,010
838,762	-	419,996	-	2,168	-	25,552	1,911,200	1,357,960
1,279,171	-	-	-	946	3,783	265,226	3,398,240	1,501,415
-	-	-	-	-	-	-	-	34,590
30,552	-	72,220	15,500	-	-	-	118,272	124,066
-	507,343	-	-	-	-	-	507,343	495,551
-	166,478	-	-	-	-	-	166,478	168,595
2,148,485	673,821	492,216	15,500	3,114	3,783	290,778	6,101,533	3,682,177
2,158,877	675,776	520,396	15,500	3,114	3,783	290,778	6,246,991	3,737,187
-	-	-	-	-	-	-	-	433
-	-	-	-	-	-	22	18,887	4,878
-	-	-	-	-	-	-	1	116
20	-	-	-	-	-	-	20	-
-	38	-	-	-	-	-	10,239	5,631
-	-	-	-	-	-	9,200	11,700	12,637
-	-	-	-	-	-	-	696	1,111
729	493	-	275	-	-	-	1,970	2,079
-	-	-	-	-	-	-	-	94
-	-	-	-	-	-	-	193	2,995
-	-	-	-	-	-	-	-	102
-	-	-	-	-	-	-	938	1,877
-	-	-	-	-	-	-	172	224
-	-	-	-	-	-	-	16,947	20,510
-	-	-	-	-	-	-	9,859	2,959
15,895	-	-	2,055	3,005	-	844	517,080	378,476
19,391	2,248	575	-	-	-	5,050	134,202	177,693
-	-	-	-	-	-	-	109,093	102,426
-	-	-	1,617	-	-	-	15,822	17,138
374,916	669,852	601,313	-	-	-	75	1,679,789	1,878,633
-	-	-	1,718	-	-	-	2,191	9,679
-	-	-	-	-	-	-	24,865	46,917
478	-	-	1	-	-	63	52,702	25,884
-	68	-	-	-	-	-	3,673	1,668
115	-	-	-	-	-	-	2,064	1,044
-	77	-	-	-	-	-	6,077	955
16,398	-	-	-	-	-	-	16,398	-
427,942	672,776	601,888	5,666	3,005	-	15,254	2,635,578	2,696,159
1,279,171	-	-	-	946	3,783	265,226	3,398,240	1,276,562
13,175	2,999	20	6	1	-	238	21,550	15,693
166,478	-	-	-	-	-	-	166,478	168,595
-	-	-	-	-	-	-	-	51,369
6,108	1	-	12,501	-	-	3	58,583	144,962
-	-	-	6,854	-	-	-	6,854	-
1,464,932	3,000	20	19,361	947	3,783	265,467	3,651,705	1,657,181
1,892,874	675,776	601,908	25,027	3,952	3,783	280,721	6,287,283	4,353,340
266,003	-	(81,512)	(9,527)	(838)	-	10,057	(40,292)	(616,153)
(298,060)	9,222	1,017,730	9,527	-	-	(11,194)	30,298	646,451
\$ (32,057)	\$ 9,222	\$ 936,218	\$ -	\$ (838)	\$ -	\$ (1,137)	\$ (9,994)	\$ 30,298

**General Capital Projects Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	<u>2003</u>	<u>2002</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 139,158	\$ -
Total assets.....	<u>\$ 139,158</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ -	\$ 76,049
Accounts payable.....	101,781	119,298
Accrued payroll.....	1,075	699
Bonds and notes payable.....	300,000	-
Total liabilities.....	<u>402,856</u>	<u>196,046</u>
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	<u>(263,698)</u>	<u>(196,046)</u>
Total fund balance (deficit) .....	<u>(263,698)</u>	<u>(196,046)</u>
Total liabilities and fund balance.....	<u>\$ 139,158</u>	<u>\$ -</u>

**General Capital Projects Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Federal grants and reimbursements.....	\$ -	\$ 237
Total revenues.....	<u>-</u>	<u>237</u>
Other financing sources:		
Proceeds of general obligation bonds.....	624,722	546,687
Proceeds of refunding bonds.....	1,849,114	288,692
Total other financing sources.....	<u>2,473,836</u>	<u>835,379</u>
Total revenues and other financing sources.....	<u>2,473,836</u>	<u>835,616</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Legislature.....	-	114
Judiciary.....	18,865	4,508
Inspector General.....	1	54
Secretary of the Commonwealth.....	2,904	614
Treasurer and Receiver-General.....	2,500	2,750
Auditor of the Commonwealth.....	696	1,111
Attorney General.....	331	750
Ethics Commission.....	-	94
District Attorney.....	40	2,186
Office of Campaign and Political Finance.....	-	102
Sheriff's Departments.....	938	1,851
Disabled Persons Protection Commission.....	172	224
Board of Library Commissioner.....	6,100	41
Comptroller.....	9,857	2,959
Administration and finance.....	268,189	223,984
Environmental affairs.....	103,856	143,733
Communities and development.....	108,289	101,903
Health and human services.....	14,115	15,816
Transportation and construction.....	22,822	9,150
Education.....	465	4,883
Higher education.....	24,865	45,679
Public safety.....	51,003	17,698
Economic development.....	3,605	1,526
Consumer affairs.....	1,949	938
Labor.....	6,000	750
Total expenditures.....	<u>647,562</u>	<u>583,418</u>
Other financing uses:		
Payments to refunded bond escrow agent.....	1,849,114	288,692
Fringe benefit cost assessment.....	5,067	3,887
Capital projects funds year end transfer.....	-	51,369
Operating transfers out.....	39,745	22
Total other financing uses.....	<u>1,893,926</u>	<u>343,970</u>
Total expenditures and other financing uses.....	<u>2,541,488</u>	<u>927,388</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses .....	(67,652)	(91,772)
Fund balance (deficit) at beginning of year.....	<u>(196,046)</u>	<u>(104,274)</u>
Fund balance (deficit) at end of year.....	<u>\$ (263,698)</u>	<u>\$ (196,046)</u>

**Capital Investment Trust Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	\$ -	\$ -
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 1,187	\$ 589
Accounts payable.....	184	367
Accrued payroll.....	-	1
Total liabilities.....	1,371	957
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	(1,371)	(957)
Total fund balance (deficit) .....	(1,371)	(957)
Total liabilities and fund balance.....	\$ -	\$ -

**Capital Investment Trust Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	-	-
 <b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Judiciary.....	-	356
Secretary of the Commonwealth.....	-	77
Administration and finance.....	175	829
Environmental affairs.....	238	243
Higher education.....	-	2
Public safety.....	-	196
Total expenditures.....	413	1,703
Other financing uses:		
Fringe benefit cost assessment.....	1	32
Operating transfers out.....	-	3,074
Total other financing uses.....	1	3,106
Total expenditures and other financing uses.....	414	4,809
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses .....	(414)	(4,809)
Fund balance (deficit) at beginning of year.....	(957)	3,852
Fund balance at end of year.....	\$ (1,371)	\$ (957)

**Convention and Exhibition Center Capital Fund**  
Balance Sheet - Statutory Basis

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ 97,330
Total assets.....	\$ -	\$ 97,330
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 1,067	\$ -
Accounts payable.....	19,501	24,522
Bonds and notes payable.....	482,000	350,000
Total liabilities.....	502,568	374,522
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	(502,568)	(277,192)
Total fund balance (deficit).....	(502,568)	(277,192)
Total liabilities and fund balance.....	\$ -	\$ 97,330

**Convention and Exhibition Center Capital Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Miscellaneous.....	\$ -	\$ 8,887
Total revenues.....	-	8,887
Other financing sources:		
Proceeds of general obligation bonds.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	-	8,887
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Attorney General.....	142	74
Administration and finance.....	225,231	134,035
Total expenditures.....	225,373	134,109
Other financing uses:		
Fringe benefit cost assessment.....	3	-
Total other financing uses.....	3	-
Total expenditures and other financing uses.....	225,376	134,109
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses .....	(225,376)	(125,222)
Fund balance (deficit) at beginning of year.....	(277,192)	(151,970)
Fund balance (deficit) at end of year.....	\$ (502,568)	\$ (277,192)

**Capital Improvements and Investment Trust Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	\$ -	\$ -
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 47,228	\$ 21,728
Accounts payable.....	7,700	8,126
Accrued payroll.....	8	4
Total liabilities.....	54,936	29,858
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	(54,936)	(29,858)
Total fund balance (deficit) .....	(54,936)	(29,858)
Total liabilities and fund balance.....	\$ -	\$ -

**Capital Improvements and Investment Trust Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Transfer for capital projects funds.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	-	-
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Legislature.....	-	319
Secretary of Commonwealth.....	7,297	4,845
District Attorney.....	153	809
Sheriff's Departments.....	-	26
Board of Library Commissioners.....	10,847	20,469
Comptroller.....	2	-
Administration and finance.....	1,686	4,910
Environmental affairs.....	2,844	2,827
Communities and development.....	804	425
Health and human services.....	15	354
Transportation and construction.....	-	78
Education.....	8	273
Higher education.....	-	799
Public safety.....	1,157	3,087
Total expenditures.....	24,813	39,221
Other financing uses:		
Fringe benefit cost assessment.....	40	39
Operating transfers out.....	225	98,731
Total other financing uses.....	265	98,770
Total expenditures and other financing uses.....	25,078	137,991
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses .....	(25,078)	(137,991)
Fund balance (deficit) at beginning of year.....	(29,858)	108,133
Fund balance (deficit) at end of year.....	\$ (54,936)	\$ (29,858)

**Capital Expenditure Reserve Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	\$ -	\$ -
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 23,729	\$ 12,874
Bonds and notes payable.....	75,100	180,000
Total liabilities.....	98,829	192,874
Fund balance:		
Unreserved fund balance (deficit):		
Designated for specific purpose.....	-	26,572
Undesignated.....	(98,829)	(219,446)
Total fund balance (deficit) .....	(98,829)	(192,874)
Total liabilities and fund balance.....	\$ -	\$ -

## Capital Expenditure Reserve Fund

### Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Payments from authorities.....	\$ 104,914	\$ -
Miscellaneous.....	17	2,805
Total revenues.....	104,931	2,805
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	104,931	2,805
 <b>EX EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Inspector General.....	-	62
Transportation and construction.....	10,886	52,170
Total expenditures.....	10,886	52,232
Other financing uses:		
Fringe benefit cost assessment.....	-	14
Operating transfers out.....	-	6
Total other financing uses.....	-	20
Total expenditures and other financing uses.....	10,886	52,252
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses .....	94,045	(49,447)
Fund balance (deficit) at beginning of year.....	(192,874)	(143,427)
Fund balance (deficit) at end of year.....	\$ (98,829)	\$ (192,874)

**Highway Capital Projects Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash with fiscal agent.....	\$ 231,498	\$ 236,498
Total assets.....	\$ 231,498	\$ 236,498
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 190,154	\$ 482,611
Accounts payable.....	70,806	50,282
Accrued payroll.....	2,595	1,665
Total liabilities.....	263,555	534,558
Fund balance:		
Reserved fund balance:		
Reserved for debt service.....	231,498	236,498
Unreserved fund balance (deficit):		
Undesignated.....	(263,555)	(534,558)
Total fund balance (deficit).....	(32,057)	(298,060)
Total liabilities and fund balance.....	\$ 231,498	\$ 236,498

**Highway Capital Projects Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Miscellaneous.....	\$ 10,392	\$ -
Total revenues.....	<u>10,392</u>	<u>-</u>
Other financing sources:		
Proceeds of general and special obligation bonds.....	838,762	786,837
Proceeds of refunding bonds.....	1,279,171	899,658
Operating transfers in.....	30,552	8,993
Total other financing sources.....	<u>2,148,485</u>	<u>1,695,488</u>
Total revenues and other financing sources.....	<u>2,158,877</u>	<u>1,695,488</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Governor and Lieutenant Governor.....	20	-
Attorney General.....	729	585
Administration and finance.....	15,895	9,147
Environmental affairs.....	19,391	17,759
Transportation and construction.....	374,916	404,230
Higher education.....	-	191
Public safety.....	478	4,317
Consumer affairs.....	115	106
Interest and fiscal charges.....	16,398	-
Total expenditures.....	<u>427,942</u>	<u>436,335</u>
Other financing uses:		
Payments to refunded bond escrow agent.....	1,279,171	674,805
Fringe benefit cost assessment.....	13,175	8,344
State share of federal highway .....	166,478	168,595
Operating transfers out.....	6,108	105
Total expenditures and other financing uses.....	<u>1,464,932</u>	<u>851,849</u>
Total expenditures and other uses.....	<u>1,892,874</u>	<u>1,288,184</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses .....	266,003	407,304
Fund balance (deficit) at beginning of year.....	(298,060)	(705,364)
Fund balance (deficit) at end of year.....	<u>\$ (32,057)</u>	<u>\$ (298,060)</u>

**Federal Highway Construction Program Capital Projects Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	<u>2003</u>	<u>2002</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ 49,617
Due from other funds.....	<u>83,617</u>	<u>66,936</u>
Total assets.....	<u><u>\$ 83,617</u></u>	<u><u>\$ 116,553</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investment.....	\$ 1,380	\$ -
Accounts payable.....	72,339	106,873
Accrued payroll.....	<u>676</u>	<u>458</u>
Total liabilities.....	<u>74,395</u>	<u>107,331</u>
Fund balance:		
Reserved fund balance:		
Reserved for capital projects.....	<u>9,222</u>	<u>9,222</u>
Total fund balance (deficit).....	<u>9,222</u>	<u>9,222</u>
Total liabilities and fund balance.....	<u><u>\$ 83,617</u></u>	<u><u>\$ 116,553</u></u>

**Federal Highway Construction Program Capital Projects Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	<u>2003</u>	<u>2002</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Federal grants and reimbursements.....	\$ 519	\$ 102
Departmental.....	402	2,084
Miscellaneous.....	<u>1,034</u>	<u>686</u>
Total revenues.....	<u>1,955</u>	<u>2,872</u>
Other financing sources:		
State share of federal highway construction.....	166,478	168,595
Federal reimbursement transfers in.....	<u>507,343</u>	<u>495,551</u>
Total other financing sources.....	<u>673,821</u>	<u>664,146</u>
Total revenues and other financing sources.....	<u>675,776</u>	<u>667,018</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Secretary of the Commonwealth.....	38	95
Attorney General.....	493	670
Environmental affairs.....	2,248	3,183
Transportation and construction.....	669,852	649,968
Public safety.....	-	537
Economic development.....	68	142
Labor.....	<u>77</u>	<u>205</u>
Total expenditures.....	<u>672,776</u>	<u>654,800</u>
Other financing uses:		
Fringe benefit cost assessment.....	2,999	2,738
Operating transfers out.....	<u>1</u>	<u>1</u>
Total other financing uses.....	<u>3,000</u>	<u>2,739</u>
Total expenditures and other financing uses.....	<u>675,776</u>	<u>657,539</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses .....	-	9,479
Fund balance (deficit) at beginning of year.....	<u>9,222</u>	<u>(257)</u>
Fund balance (deficit) at end of year.....	<u>\$ 9,222</u>	<u>\$ 9,222</u>

**Central Artery Statewide Road and Bridge Infrastructure Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 981,862	\$ 1,097,231
Total assets.....	\$ 981,862	\$ 1,097,231
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ 45,644	\$ 79,501
Total liabilities.....	45,644	79,501
Fund balance:		
Reserved fund balance:		
Reserved for capital projects.....	936,218	1,017,730
Total fund balance (deficit) .....	936,218	1,017,730
Total liabilities and fund balance.....	\$ 981,862	\$ 1,097,231

**Central Artery Statewide Road and Bridge Infrastructure Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Miscellaneous.....	\$ 28,180	\$ 40,209
Total revenues.....	28,180	40,209
Other financing sources:		
Proceeds of general obligation bonds.....	419,996	-
Operating transfers in.....	72,220	70,073
Transfer in due to debt defeasance.....	-	34,590
Total other financing sources.....	492,216	104,663
Total revenues and other financing sources.....	520,396	144,872
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Environmental affairs.....	575	1,450
Transportation and construction.....	601,313	763,037
Total expenditures.....	601,888	764,487
Other financing uses:		
Fringe benefit cost assessment.....	20	27
Total other financing uses.....	20	27
Total expenditures and other financing uses.....	601,908	764,514
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses .....	(81,512)	(619,642)
Fund balance (deficit) at beginning of year.....	1,017,730	1,637,372
Fund balance (deficit) at end of year.....	\$ 936,218	\$ 1,017,730

**Capital Needs Investment Trust Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ 10,534
Total assets.....	\$ -	\$ 10,534
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ 1,007
Total liabilities.....	-	1,007
Fund balance:		
Reserved fund balance:		
Reserved for capital projects.....	-	9,527
Total fund balance (deficit) .....	-	9,527
Total liabilities and fund balance.....	\$ -	\$ 10,534

**Capital Needs Investment Trust Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Miscellaneous.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Operating transfers in.....	15,500	45,000
Total other financing sources.....	15,500	45,000
Total revenues and other financing sources.....	15,500	45,000
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Attorney General .....	275	-
Administration and finance.....	2,055	2,798
Health and human services.....	1,617	915
Education.....	1,718	4,523
Higher education.....	-	246
Public safety.....	1	8
Total expenditures.....	5,666	8,490
Other financing uses:		
Fringe benefit cost assessment.....	6	
Operating transfers out.....	12,501	43,000
Fund consolidation transfer.....	6,854	-
Total other financing uses.....	19,361	43,000
Total expenditures and other financing uses.....	25,027	51,490
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses .....	(9,527)	(6,490)
Fund balance (deficit) at beginning of year.....	9,527	16,017
Fund balance (deficit) at end of year.....	\$ -	\$ 9,527

**Government Land Bank Capital Projects Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	\$ -	\$ -
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ 838	\$ -
Total liabilities.....	838	-
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	(838)	-
Total fund balance (deficit).....	(838)	-
Total liabilities and fund balance.....	\$ -	\$ -

**Government Land Bank Capital Projects Fund**  
Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Proceeds of general obligation bonds.....	2,168	6,300
Proceeds of refunding bonds.....	946	17,660
Total other financing sources.....	3,114	23,960
Total revenues and other financing sources.....	3,114	23,960
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Administration and finance.....	3,005	-
Total expenditures.....	3,005	-
Other financing uses:		
Payments to refunded bonds escrow.....	946	17,660
Fringe benefit cost assessment.....	1	-
Total other financing uses.....	947	17,660
Total expenditures and other financing uses.....	3,952	17,660
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses .....	(838)	6,300
Fund balance (deficit) at beginning of year.....	-	(6,300)
Fund balance (deficit) at end of year.....	\$ (838)	\$ -

**Intercity Bus Capital Assistance Capital Projects Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	\$ -	\$ -
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	-	-
Total fund balance (deficit).....	-	-
Total liabilities and fund balance.....	\$ -	\$ -

**Intercity Bus Capital Assistance Capital Projects Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Proceeds of refunding bonds.....	3,783	3,531
Total other financing sources.....	3,783	3,531
Total revenues and other financing sources.....	3,783	3,531
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Transportation and construction.....	-	-
Total expenditures.....	-	-
Other financing uses:		
Payments to refunded bond escrow.....	3,783	-
Total other financing uses.....	3,783	-
Total expenditures and other financing uses.....	3,783	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses .....	-	3,531
Fund balance (deficit) at beginning of year.....	-	(3,531)
Fund balance (deficit) at end of year.....	\$ -	\$ -

**Local Capital Projects Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2002  
(Amounts in thousands)

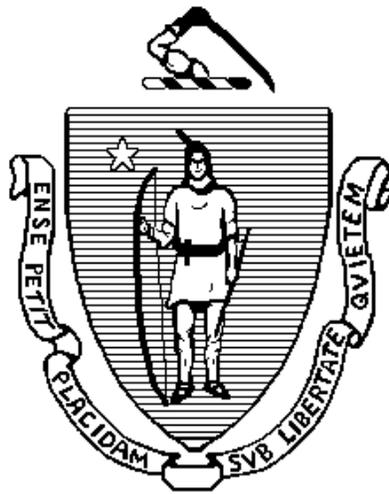
	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ -	\$ -
Total assets.....	\$ -	\$ -
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Deficiency in cash and short-term investments.....	\$ -	\$ 8,075
Accounts payable.....	1,135	3,041
Accrued payroll.....	2	78
Total liabilities.....	1,137	11,194
Fund balance:		
Unreserved fund balance (deficit):		
Undesignated.....	(1,137)	(11,194)
Total fund balance (deficit) .....	(1,137)	(11,194)
Total liabilities and fund balance.....	\$ -	\$ -

## Local Capital Projects Fund

### Statement Of Revenues, Expenditures And Changes In Fund Balance - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Federal grants and reimbursements.....	\$ -	\$ -
Total revenues.....	-	-
Other financing sources:		
Proceeds of general obligation bonds.....	25,552	14,605
Proceeds of refunding bonds.....	265,226	295,405
Total other financing sources.....	290,778	310,010
Total revenues and other financing sources.....	290,778	310,010
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Judiciary.....	22	14
Treasurer and Receiver-General.....	9,200	9,887
Administration and finance.....	844	2,773
Environmental affairs.....	5,050	8,498
Communities and development.....	-	98
Health and human services.....	75	53
Public safety.....	63	41
Total expenditures.....	15,254	21,364
Other financing uses:		
Payments to refunded bond escrow agent.....	265,226	295,405
Fringe benefit cost assessment.....	238	612
Operating transfers out.....	3	23
Total other financing uses.....	265,467	296,040
Total expenditures and other financing uses.....	280,721	317,404
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses .....	10,057	(7,394)
Fund balance (deficit) at beginning of year.....	(11,194)	(3,800)
Fund balance (deficit) at end of year.....	\$ (1,137)	\$ (11,194)



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# *Fiduciary Fund Types*

The Fiduciary Funds are used to account for assets held by the Commonwealth in a trustee capacity or as an agent for individuals, private organizations or other governments. The funds include Expendable and Non – Expendable Trust Funds, Pension Funds, as well as Agency Funds.

## **EXPENDABLE TRUST FUNDS:**

*Expendable Trust Fund* – to account for various gifts, bequests or contributions held by the Commonwealth of which both principal and interest may be expended for purposes designated by the donor.

*Revolving Loan Fund* – to account for Federal grants, investment and interest income to be expended for loans to non-profit private entities to establish housing for individuals recovering from alcohol or drug abuse and for loans to local housing authorities.

*Teacher, Principal, Superintendent Quality Endowment Fund* – to account for funds to be paid to an incoming school employee signing bonus program to be administered by the Department of Education for the purpose of encouraging the best and brightest candidates to serve in public schools. This fund was repealed pursuant to Chapter 44 of the Acts of 2003, after outstanding obligations were paid. Any remaining balance will be transferred to the General Fund during FY2004.

*Unemployment Compensation Fund* – to account for unemployment taxes collected from employers, held by the United States Treasury in the Federal Unemployment Trust Fund, from which funds are drawn for the payment of benefits to the unemployed.

## **NONEXPENDABLE TRUST FUNDS:**

*Nonexpendable Trust Fund* – to account for various gifts and bequests held by the Commonwealth, of which only the income may be expended for purposes specified by the donor.

## **PENSION TRUST FUNDS:**

*Pension Trust Funds* – to account for the assets, liabilities and fund balances held in trust by the State Employees', State Teachers' Retirement Systems and the State – Boston Retirement System for the payment of retirement, disability and death benefits to members of these retirement systems.

## **AGENCY FUNDS:**

*Agency Funds* – to account for cash, investments held or managed by the Commonwealth on behalf of others. These include the investments made by cities, towns and local authorities in the Municipal Depository Trust, employees' contributions to the deferred compensation plan, annuity contracts held for lottery prize winners, local option taxes collected but not yet remitted, assets held in escrow accounts by the Commonwealth's court system and human service departments, child support payments collected or receivable and not yet remitted to custodial parents, and deposits required from insurance companies and similar organizations.

**Fiduciary Fund Types**  
**Combining Balance Sheet - Statutory Basis**

June 30, 2003 and 2002  
(Amounts in thousands)

<b>ASSETS</b>	Expendable Trust Funds	Nonexpendable Trust Funds	Pension Trust Funds
Cash and short-term investments.....	\$ 324,753	\$ 5,834	\$ 776,518
Cash on deposit with U.S. Treasury.....	490,652	-	-
Investments.....	-	-	26,994,602
Assets held in trust.....	-	-	-
Other receivables, net of allowance for uncollectibles.....	-	-	502,071
Other assets.....	-	-	2,707
<b>Total assets.....</b>	<b>\$ 815,405</b>	<b>\$ 5,834</b>	<b>\$ 28,275,898</b>
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable.....	22,467	\$ -	\$ 1,387,802
Accrued payroll.....	646	-	-
Agency liabilities.....	6,907	-	-
Due to federal government.....	-	-	-
Due to cities and towns.....	-	-	-
<b>Total liabilities.....</b>	<b>30,020</b>	<b>-</b>	<b>1,387,802</b>
Fund balances:			
Reserved for:			
Employees' pension benefits.....	-	-	26,888,096
Unemployment benefits.....	490,652	-	-
Unreserved:			
Designated for specific purpose.....	294,733	5,834	-
<b>Total fund balances.....</b>	<b>785,385</b>	<b>5,834</b>	<b>26,888,096</b>
<b>Total liabilities and fund balances.....</b>	<b>\$ 815,405</b>	<b>\$ 5,834</b>	<b>\$ 28,275,898</b>

Agency Funds	Totals (Memorandum only)	
	2003	2002
\$ 265,077	\$ 1,372,182	\$ 1,471,291
-	490,652	1,427,582
-	26,994,602	25,868,200
2,486,834	2,486,834	2,372,583
-	502,071	439,384
-	2,707	12,982
<u>\$ 2,751,911</u>	<u>\$ 31,849,048</u>	<u>\$ 31,592,022</u>
\$ 23,092	\$ 1,433,361	\$ 883,656
-	646	801
2,701,712	2,708,619	2,583,669
4	4	6
27,103	27,103	34,536
<u>2,751,911</u>	<u>4,169,733</u>	<u>3,502,668</u>
-	26,888,096	26,377,554
-	490,652	1,427,582
-	300,567	284,218
-	27,679,315	28,089,354
<u>\$ 2,751,911</u>	<u>\$ 31,849,048</u>	<u>\$ 31,592,022</u>

**Expendable Trust Funds**  
**Combining Balance Sheet - Statutory Basis**

June 30, 2003 and 2002  
(Amounts in thousands)

	Expendable Trusts	Unemployment Compensation Trust	Totals (Memorandum only)	
			2003	2002
<b>ASSETS</b>				
Cash and short-term investments.....	\$ 322,098	\$ 2,655	\$ 324,753	\$ 301,437
Cash on deposit with U.S. Treasury.....	-	490,652	490,652	1,427,582
Total assets.....	<u>\$ 322,098</u>	<u>\$ 493,307</u>	<u>\$ 815,405</u>	<u>\$ 1,729,019</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable.....	\$ 19,812	\$ 2,655	\$ 22,467	\$ 17,265
Accrued payroll.....	646	-	646	801
Agency liabilities.....	6,907	-	6,907	4,987
Total liabilities.....	<u>27,365</u>	<u>2,655</u>	<u>30,020</u>	<u>23,053</u>
Fund balances:				
Reserved for:				
Unemployment benefits.....	-	490,652	490,652	1,427,582
Unreserved:				
Designated for specific purpose.....	294,733	-	294,733	278,384
Total fund balances.....	<u>294,733</u>	<u>490,652</u>	<u>785,385</u>	<u>1,705,966</u>
Total liabilities and fund balances.....	<u>\$ 322,098</u>	<u>\$ 493,307</u>	<u>\$ 815,405</u>	<u>\$ 1,729,019</u>

## Expendable Trust Funds

### Combining Statements Of Revenues, Expenses And Changes In Fund Balances - Statutory Basis

Fiscal Years Ended June 30, 2003 and 2002  
(Amounts in thousands)

	Expendable Trusts	Unemployment Compensation Trust	Totals (Memorandum only)	
			2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Revenues:				
Taxes.....	\$ 8	\$ 905,813	\$ 905,821	\$ 862,033
Assessments.....	86	-	86	84
Federal grants and reimbursements.....	28,559	715,826	744,385	395,390
Departmental.....	19,819	28,446	48,265	32,128
Miscellaneous.....	285,995	55,007	341,002	300,335
Total revenues.....	<u>334,467</u>	<u>1,705,092</u>	<u>2,039,559</u>	<u>1,589,970</u>
Other financing sources:				
Operating transfers in.....	25,911	-	25,911	28,809
Other sources.....	334	-	334	931
Total other financing sources.....	<u>26,245</u>	<u>-</u>	<u>26,245</u>	<u>29,740</u>
Total revenues and other financing sources.....	<u>360,712</u>	<u>1,705,092</u>	<u>2,065,804</u>	<u>1,619,710</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Expenditures:				
Judiciary.....	218	-	218	151
Secretary of the Commonwealth.....	15	-	15	14
Treasurer and Receiver-General.....	815	-	815	-
Auditor of the Commonwealth.....	85	-	85	308
Attorney General.....	1,332	-	1,332	1,907
District Attorney.....	5,658	-	5,658	4,268
Sheriff's Departments.....	9	-	9	-
Administration and finance.....	12,796	-	12,796	8,210
Environmental affairs.....	13,155	-	13,155	10,635
Communities and development.....	15,571	-	15,571	22,586
Health and human services.....	26,809	-	26,809	22,959
Transportation and construction.....	452	-	452	546
Education.....	5,460	-	5,460	4,527
Higher education.....	9,172	-	9,172	8,974
Public safety.....	7,690	-	7,690	3,500
Economic development.....	879	-	879	865
Elder affairs.....	52	-	52	83
Consumer affairs.....	2,001	-	2,001	5,863
Labor.....	52,975	2,642,022	2,694,997	2,171,318
Total expenditures.....	<u>155,144</u>	<u>2,642,022</u>	<u>2,797,166</u>	<u>2,266,714</u>
Other financing uses:				
Fringe benefit cost assessment.....	4,218	-	4,218	4,106
Operating transfers out.....	185,001	-	185,001	91,567
Total other financing uses.....	<u>189,219</u>	<u>-</u>	<u>189,219</u>	<u>95,673</u>
Total expenditures and other financing uses.....	<u>344,363</u>	<u>2,642,022</u>	<u>2,986,385</u>	<u>2,362,387</u>
Excess and other financing sources over expenditures and other financing uses.....	16,349	(936,930)	(920,581)	(742,677)
Fund balances at beginning of year.....	278,384	1,427,582	1,705,966	2,448,643
Fund balances at end of year.....	<u>\$ 294,733</u>	<u>\$ 490,652</u>	<u>\$ 785,385</u>	<u>\$ 1,705,966</u>

**Expendable Trust Fund - External**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 237,984	\$ 221,057
Total assets.....	\$ 237,984	\$ 221,057
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable.....	\$ 16,748	\$ 17,105
Accrued payroll.....	617	801
Agency liabilities.....	6,907	4,987
Total liabilities.....	24,272	22,893
Fund balance:		
Unreserved.:		
Designated for specific purpose.....	213,712	198,164
Total fund balances (deficit).....	213,712	198,164
Total liabilities and fund balances.....	\$ 237,984	\$ 221,057

**Expendable Trust Fund - External**  
**Statement Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Taxes.....	\$ 8	\$ -
Assessments.....	86	84
Federal grants and reimbursements.....	28,559	17,074
Departmental.....	17,738	6,945
Miscellaneous.....	284,568	186,118
Total revenues.....	330,959	210,221
Other financing sources:		
Operating transfers in.....	19,602	28,809
Other sources.....	-	15
Total other financing sources.....	19,602	28,824
Total revenues and other financing sources.....	350,561	239,045
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Judiciary.....	216	151
Secretary of the Commonwealth.....	15	14
Treasurer and Receiver-General.....	815	-
Auditor of the Commonwealth.....	85	308
Attorney General.....	1,332	1,907
District Attorney.....	5,628	4,268
Sheriff's Departments.....	9	-
Administration and finance.....	8,215	8,210
Environmental affairs.....	13,147	10,635
Communities and development.....	15,161	22,583
Health and human services.....	26,710	22,950
Transportation and construction.....	452	546
Education.....	1,328	1,479
Higher education.....	9,172	8,974
Public safety.....	7,690	3,500
Economic development.....	879	865
Elder affairs.....	52	83
Consumer affairs.....	2,001	5,863
Labor.....	52,975	49,782
Total expenditures.....	145,882	142,118
Other financing uses:		
Fringe benefit cost assessment.....	4,131	4,048
Operating transfers out.....	185,000	91,537
Total other financing uses.....	189,131	95,585
Total expenditures and other financing uses.....	335,013	237,703
Excess (deficiency) of revenues and other financing source:		
over expenditures and other financing uses.....	15,548	1,342
Fund balances (deficit) at beginning of year.....	198,164	196,822
Fund balances (deficit) at end of year.....	\$ 213,712	\$ 198,164

**Revolving Loan Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 8,346	\$ 8,716
Total assets.....	\$ 8,346	\$ 8,716
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balance:		
Unreserved:		
Designated for specific purpose.....	8,346	8,716
Total fund balances (deficit).....	8,346	8,716
Total liabilities and fund balances.....	\$ 8,346	\$ 8,716

**Revolving Loan Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Miscellaneous.....	\$ (287)	\$ 48
Total revenues.....	<u>(287)</u>	<u>48</u>
Other financing sources:		
Other sources.....	334	916
Total other financing sources.....	<u>334</u>	<u>916</u>
Total revenues and other financing sources.....	<u>47</u>	<u>964</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Communities and development.....	410	3
Health and human services.....	7	9
Total expenditures.....	<u>417</u>	<u>12</u>
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	<u>-</u>	<u>-</u>
Total expenditures and other financing uses.....	<u>417</u>	<u>12</u>
Excess (deficiency)of revenues and other financing sources over expenditures and other financing uses.....	(370)	952
Fund balances (deficit) at beginning of year.....	8,716	7,764
Fund balances (deficit) at end of year.....	<u>\$ 8,346</u>	<u>\$ 8,716</u>

**Teacher, Principal, Superintendent Quality Endowment Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 68,656	\$ 71,664
Total assets.....	\$ 68,656	\$ 71,664
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable.....	\$ 259	\$ 160
Accrued payroll.....	17	-
Total liabilities.....	276	160
Fund balance:		
Reserved for:		
Designated for specific purpose.....	68,380	71,504
Total fund balances (deficit).....	68,380	71,504
Total liabilities and fund balances.....	\$ 68,656	\$ 71,664

**Teacher, Principal, Superintendent Quality Endowment Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Miscellaneous.....	\$ 1,091	\$ 1,836
Total revenues.....	<u>1,091</u>	<u>1,836</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	<u>1,091</u>	<u>1,836</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Education.....	4,132	3,048
Total expenditures.....	<u>4,132</u>	<u>3,048</u>
Other financing uses:		
Fringe benefit cost assessment.....	82	58
Operating transfers out.....	1	30
Total other financing uses.....	<u>83</u>	<u>88</u>
Total expenditures and other financing uses.....	<u>4,215</u>	<u>3,136</u>
Excess (deficiency)of revenues and other financing sources over expenditures and other financing uses.....	(3,124)	(1,300)
Fund balances (deficit) at beginning of year.....	71,504	72,804
Fund balances (deficit) at end of year.....	<u>\$ 68,380</u>	<u>\$ 71,504</u>

**Expendable Trust Fund - Internal  
Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	<u>2003</u>	<u>2002</u>
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 7,112	\$ -
Total assets.....	<u>\$ 7,112</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable.....	\$ 2,805	\$ -
Accrued payroll.....	<u>12</u>	<u>-</u>
Total liabilities.....	<u>2,817</u>	<u>-</u>
Fund balance:		
Unreserved.:		
Designated for specific purpose.....	<u>4,295</u>	<u>-</u>
Total fund balances (deficit).....	<u>4,295</u>	<u>-</u>
Total liabilities and fund balances.....	<u>\$ 7,112</u>	<u>\$ -</u>

**Expendable Trust Fund - Internal**  
**Statement Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Departmental.....	\$ 2,081	\$ -
Miscellaneous.....	623	-
Total revenues.....	2,704	-
Other financing sources:		
Operating transfers in.....	6,309	-
Total other financing sources.....	6,309	-
Total revenues and other financing sources.....	9,013	-
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Judiciary.....	2	-
District Attorney.....	30	-
Administration and finance.....	4,581	-
Environmental affairs.....	8	-
Health and human services.....	92	-
Total expenditures.....	4,713	-
Other financing uses:		
Fringe benefit cost assessment.....	5	-
Total other financing uses.....	5	-
Total expenditures and other financing uses.....	4,718	-
Excess (deficiency)of revenues and other financing source: over expenditures and other financing uses.....	4,295	-
Fund balances (deficit) at beginning of year.....	-	-
Fund balances (deficit) at end of year.....	\$ 4,295	\$ -

**Unemployment Compensation Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 2,655	\$ -
Cash on deposit with U.S. Treasury.....	490,652	1,427,582
Total assets.....	\$ 493,307	\$ 1,427,582
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable.....	\$ 2,655	\$ -
Total liabilities.....	2,655	-
Fund balance:		
Reserved for:		
Unemployment benefits.....	490,652	1,427,582
Total fund balances (deficit).....	490,652	1,427,582
Total liabilities and fund balances.....	\$ 493,307	\$ 1,427,582

**Unemployment Compensation Fund**  
**Statement Of Revenues, Expenditures And Changes In Fund Balances - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	<u>2003</u>	<u>2002</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>		
Revenues:		
Taxes.....	\$ 905,813	\$ 862,033
Federal grants and reimbursements.....	715,826	378,316
Departmental.....	28,446	25,183
Miscellaneous.....	55,007	112,333
Total revenues.....	<u>1,705,092</u>	<u>1,377,865</u>
Other financing sources:		
Operating transfers in.....	-	-
Total other financing sources.....	-	-
Total revenues and other financing sources.....	<u>1,705,092</u>	<u>1,377,865</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
Expenditures:		
Labor.....	2,642,022	2,121,536
Total expenditures.....	<u>2,642,022</u>	<u>2,121,536</u>
Other financing uses:		
Operating transfers out.....	-	-
Total other financing uses.....	-	-
Total expenditures and other financing uses.....	<u>2,642,022</u>	<u>2,121,536</u>
Excess (deficiency)of revenues and other financing sources over expenditures and other financing uses.....	(936,930)	(743,671)
Fund balances (deficit) at beginning of year.....	1,427,582	2,171,253
Fund balances (deficit) at end of year.....	<u>\$ 490,652</u>	<u>\$ 1,427,582</u>

**Nonexpendable Trust Fund**  
**Balance Sheet - Statutory Basis**

June 30, 2003  
(Amounts in thousands)

	2003	2002
<b>ASSETS</b>		
Cash and short-term investments.....	\$ 5,834	\$ 5,834
Total assets.....	\$ 5,834	\$ 5,834
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable.....	\$ -	\$ -
Total liabilities.....	-	-
Fund balances:		
Designated for specific purpose.....	5,834	5,834
Total fund balances (deficit).....	5,834	5,834
Total liabilities and fund balances.....	\$ 5,834	\$ 5,834

**Nonexpendable Trust Fund**  
**Statement Of Revenues, Expenses And Changes In Fund Balances - Statutory Basis**

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	<u>2003</u>	<u>2002</u>
<b>REVENUES</b>		
Revenues:		
Investment earnings.....	\$ -	\$ -
Total revenues.....	<u>-</u>	<u>-</u>
 <b>EXPENSES</b>		
Expenses:		
Treasurer and Receiver-General.....	-	-
Total expenses.....	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenses.....	-	-
Fund balances (deficit) at beginning of year.....	<u>5,834</u>	<u>5,834</u>
Fund balances (deficit) at end of year.....	<u>\$ 5,834</u>	<u>\$ 5,834</u>

**Pension Trust Funds**

Combining Statements of Net Assets Available for Pension Benefits - Statutory Basis

June 30, 2003 and 2002  
(Amounts in thousands)

	State Employees' PERS	Teachers' PERS	Totals (Memorandum only)	
			2003	2002
<b>ASSETS</b>				
Cash and short-term investments.....	\$ 386,953	\$ 389,565	\$ 776,518	\$ 871,422
Investments at fair value.....	12,741,153	14,253,449	26,994,602	25,868,200
Other receivables, net of allowance for uncollectibles.....	210,940	291,131	502,071	439,384
Other assets.....	1,309	1,398	2,707	12,982
Total assets.....	<u>\$ 13,340,355</u>	<u>\$ 14,935,543</u>	<u>\$ 28,275,898</u>	<u>\$ 27,191,988</u>
<b>LIABILITIES</b>				
Accounts payable.....	\$ 672,634	\$ 715,168	\$ 1,387,802	\$ 814,434
Total liabilities.....	<u>672,634</u>	<u>715,168</u>	<u>1,387,802</u>	<u>814,434</u>
Net assets available for pension benefits (fund balances reserved for employees' pension benefits).....	<u>\$ 12,667,721</u>	<u>\$ 14,220,375</u>	<u>\$ 26,888,096</u>	<u>\$ 26,377,554</u>

## Pension Trust Funds

### Combined Statements of Changes in Net Assets Available for Pension Benefits - Statutory Basis

Fiscal Years Ended June 30, 2003 and 2002  
(Amounts in thousands)

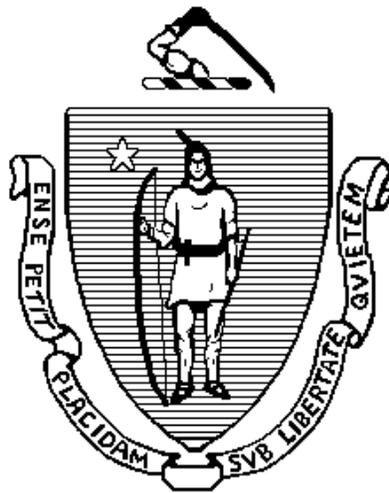
	State Employees' PERS	Teachers' PERS	Totals (Memorandum only)	
			2003	2002
<b>Additions:</b>				
Contribution:				
Commonwealth contributions.....	\$ 292,537	\$ 470,148	\$ 762,685	\$ 736,086
Employees contributions.....	350,705	502,639	853,344	855,720
Total contributions.....	<u>643,242</u>	<u>972,787</u>	<u>1,616,029</u>	<u>1,591,806</u>
<b>Net investment (loss) income:</b>				
Net appreciation (depreciation) in fair value of investments.....	76,671	83,205	159,876	(2,749,964)
Interest.....	181,079	196,512	377,591	481,033
Dividends.....	137,584	149,310	286,894	224,653
Real estate operating income, net.....	62,013	67,299	129,312	135,768
Alternative investments.....	2,808	3,047	5,855	7,092
Other.....	5,662	6,145	11,807	10,427
Total investment (loss) income.....	<u>465,817</u>	<u>505,518</u>	<u>971,335</u>	<u>(1,890,991)</u>
Less: investment expense .....	28,418	30,840	59,258	67,636
Net investment (loss) income .....	<u>437,399</u>	<u>474,678</u>	<u>912,077</u>	<u>(1,958,627)</u>
Total additions.....	<u>1,080,641</u>	<u>1,447,465</u>	<u>2,528,106</u>	<u>(366,821)</u>
<b>Deductions:</b>				
Administration reimbursement.....	5,257	8,263	13,520	13,285
Retirement benefits and refunds.....	995,437	1,008,607	2,004,044	1,751,261
Total deductions.....	<u>1,000,694</u>	<u>1,016,870</u>	<u>2,017,564</u>	<u>1,764,546</u>
Net increase (decrease).....	79,947	430,595	510,542	(2,131,367)
<b>Net (decrease) assets available for pension benefits</b>				
at beginning of year (fund balances reserved for employees' pension benefits).....	<u>12,587,774</u>	<u>13,789,780</u>	<u>26,377,554</u>	<u>28,508,921</u>
Net assets available for pension benefits at end of year (fund balances reserved for employees' pension benefits).....	<u>\$ 12,667,721</u>	<u>\$ 14,220,375</u>	<u>\$ 26,888,096</u>	<u>\$ 26,377,554</u>

**Agency Funds**  
**Statement Of Changes In Assets And Liabilities - Statutory Basis**

Fiscal Years Ended June 30, 2002 and 2003  
(Amounts in thousands)

	Balance June 30, 2002	Additions	Deductions	Balance June 30, 2003
<b>ASSETS</b>				
Cash and short-term investments.....	\$ 292,598	\$ 5,476,092	\$ 5,503,613	\$ 265,077
Assets held in trust.....	2,372,583	114,788	537	2,486,834
Total assets.....	<u>\$ 2,665,181</u>	<u>\$ 5,590,880</u>	<u>\$ 5,504,150</u>	<u>\$ 2,751,911</u>
<b>LIABILITIES</b>				
Accounts payable.....	\$ 51,957	\$ 2,067,020	\$ 2,095,885	\$ 23,092
Due to cities and towns.....	34,536	340,940	348,373	27,103
Due to federal government.....	6	58	60	4
Agency liabilities.....	2,578,682	3,157,123	3,034,093	2,701,712
Total liabilities.....	<u>\$ 2,665,181</u>	<u>\$ 5,565,141</u>	<u>\$ 5,478,411</u>	<u>\$ 2,751,911</u>

# *Supplemental Information*



Calculation of Transfers – Stabilization and Tax Reduction Funds

## Calculation Of Transfers: Stabilization Fund

June 30, 2003  
(Amounts in thousands)

This statement is prepared on the statutory basis of accounting pursuant to General Laws Chapter 29, Section 5c, as amended most recently by Chapter 184 of the Acts of 2002 and Chapter 26 of the Acts of 2003. It presents information contained in the official books and accounting records of the Commonwealth. Financial statements supporting this calculation are presented in the Financial Section of this report.

**Part 1: Undesignated fund balance (deficit) in the Operating Funds:**

General Fund (net of the fund closing transfer).....	\$ 774,116
Highway Fund.....	<u>(623,281)</u>
Consolidated Undesignated fund balance / (deficit).....	<u>\$ 150,835</u>
Available to carry forward to subsequent fiscal year 1/2 % of Total Tax Revenue (per Schedule A).....	<u>\$ 75,162</u>
Net Consolidated net surplus / (deficit).....	<u><u>75,673</u></u>

**Part 2: Calculation of transfers to Stabilization Fund:**

From the General Fund, @ 100%.....	\$ <u>75,673</u>
Total Transfers.....	<u>\$ 75,673</u>

**Part 3: Status of Consolidated Net Surplus after Stabilization Fund transfers:**

Undesignated fund balance / (deficit):	
General Fund.....	\$ 698,444
Highway Fund.....	<u>(623,281)</u>
Consolidated Net Surplus.....	<u><u>\$ 75,163</u></u>

**Part 4: Status of Stabilization Fund after transfers:**

Reserved for Stabilization - Balance as of June 30, 2002 .....	\$ 881,771
Add: FY2003 interest income and other adjustments .....	6,456
Retroactive tax on Trusts -Pursuant to Ch.4 Sec. 76 Acts of 2003.....	110,074
Unclaimed proceeds from Demutualization -Pursuant to Ch.4 Sec. 78 Acts of 2003.....	76,546
FY2003 Transfers from repealed funds per Ch.26 Acts of 2003 Sec. 713 (See Schedule D) .....	<u>40,805</u>
	1,115,652
FY2003 Calculated transfer of Consolidated Net Surplus (Part 2).....	<u>75,673</u>
Subtotal .....	<u>1,191,325</u>
Less: FY2003 Transfers from Stabilization Fund - Pursuant to Ch.184 Sec.189 Acts of 2002.....	<u>550,000</u>
Reserved for Stabilization after the transfers.....	<u><u>\$ 641,325</u></u>

## Calculation Of Transfers: Tax Reduction Fund

June 30, 2003  
(Amounts in thousands)

This statement is prepared pursuant to Chapters 29 of the Massachusetts General Laws, as amended. It is prepared on the statutory basis of accounting and presents information contained in the official books and accounting records of the Commonwealth. Supporting information is presented in individual schedules, as indicated, and in the Financial Section of this report.

The computation is as follows:

Part 1: Comparison of Stabilization Fund, after current fiscal year transfers,  
to 10% of Budgeted Revenues and Other Financial Resources:

Undesignated Fund Balance in the Stabilization Fund.....	\$ 641,325
Allowable Stabilization Balance (per Schedule B).....	2,415,827
Stabilization Fund Excess, if any, transferable to Tax Reduction Fund.....	\$ -

Part 2: Status of Stabilization Fund after transfers:

Stabilization Fund Balance.....	\$ 641,325
Transfer to Tax Reduction Fund.....	-
Stabilization Fund Balance after transfer to Tax Reduction Fund.....	\$ 641,325

Part 3: Status of Tax Reduction Fund after transfers:

Tax Reduction Fund Balance.....	\$ -
Transfers from Stabilization Fund.....	-
Tax Reduction Fund Balance after transfers.....	\$ -

**Schedule A**  
**FY2003 Tax Revenues By Revenue Class and**  
**Calculation of Allowable Net Surplus**

June 30, 2003  
(Amounts in thousands)

Alcoholic Beverages.....	\$	66,298
Banks: Commercial and Savings.....		269,221
Cigarette.....		451,044
Corporations.....		874,769
Deeds.....		154,400
Estate and Inheritance.....		181,295
Income.....		8,026,149
Insurance.....		344,626
Motor and Special Fuels.....		676,426
Public Utilities.....		40,621
Room Occupancy.....		119,991
Sales and Use.....		3,708,069
Club Alcoholic Beverages.....		658
Motor Vehicle Excise.....		72
Convention Center Surcharges.....		9,934
Community Preservation.....		53,503
State Racing.....		6,547
Beano .....		4,600
Raffles and Bazaars.....		890
DOI Excess and Surplus Lines.....		21,805
Boxing.....		33
UI Surcharge.....		21,394
		15,032,342
FY 2003 State Tax Revenue.....		15,032,342
0.5% of Total Tax Revenue.....		75,162
Allowable Consolidated Net Surplus .....	\$	75,162

This schedule is prepared on the statutory basis of accounting. It presents tax revenues as reported in the governmental funds of the Commonwealth. It differs from the schedule of tax collections prepared by the Comptroller, Commissioner of Revenue and State Auditor for calculations in accordance with Chapter 62F, of the General Laws as amended.

**Schedule B**  
**Calculation of Cap on Stabilization Fund**

June 30, 2003  
(Amounts in thousands)

Total Budgeted Revenues and Other Financial Resources pertaining to the Budgeted funds.....	\$	25,297,687
Elimination of budgetary interfund activity exclusive of fund closure (per Schedule C).....		(1,139,419)
Budgeted Revenues and Other Financial Resources pertaining to the Budgeted funds.....	\$	24,158,268
Allowable Stabilization Fund - Balance, 10% of Budgeted Revenue.....	\$	2,415,827

Calculation of Stabilization Fund Transfers as defined by Mass General Laws Chapter 29 section 5c as most recently amended by Chapter 300 of the Acts of 2002.

**Schedule C**  
**Detail of Elimination of Budgetary Inter Fund Activity**

June 30, 2003  
(Amounts in thousands)

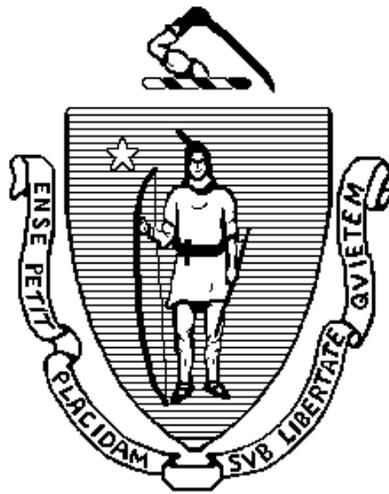
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Adjustments to revenues :	
Transfer to the Intragovernmental Service Fund Revenues.....	\$ (117,223)
Adjustments to other financing sources and uses:	
Fringe benefit cost assessments.....	(48,290)
Transfer from the Intragovernmental Service Fund to the General Fund.....	(2,661)
Transfer from the Revenue Maximization Fund to the General Fund.....	(1,259)
RMV License Plates.....	(2,222)
Transfer from the General Fund to the Children's and Seniors' Health Fund.....	(27,714)
Stabilization transfers.....	(550,000)
Transfer from the RatePayer Parity Fund to the General Fund .....	(31,859)
Transfer from the Massachusetts Clean Elections Fund to the General Fund.....	(23,129)
Transfer from the Tobacco Settlement Fund to the Childrens' & Seniors' Health Fund .....	(120,000)
Transfer from the Workforce Training Fund to the General Fund .....	(12,000)
Transfer from the Health Protection Fund to the General Fund .....	(6,500)
Transfer from the Caseload Increase Mitigation Fund to the General Fund .....	(6,500)
Transfers per MGL Chapter 29, Section 9C to the General Fund, as adjusted by provisions of Chapter 4 Section 74 of the Acts of 2003 .....	(73,914)
Retroactive transfers on Trusts per Ch.4 Section 76 Acts of 2003.....	(110,074)
Transfer to Caseload Increase Mitigation Fund.....	(5,992)
Other .....	(82)
Elimination of Budgetary Interfund Activity	<u>\$ (1,139,419)</u>

**Schedule D**  
**Minor Budgeted and Capital Fund Consolidation Transfers**  
(Funds Repealed per Ch. 26 Acts of 2003 - Effective 6/30/2003)

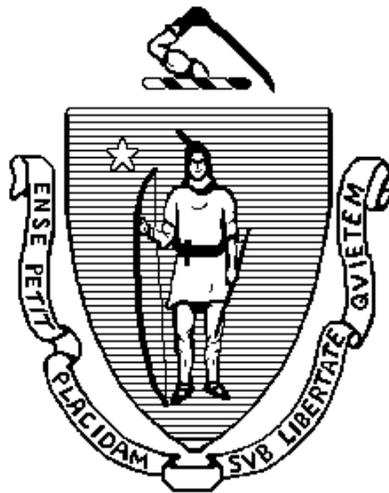
June 30, 2003  
(Amounts in thousands)

<u>Fund Name</u>	<u>Chapter 26 Section</u>	<u>Fund Balance / (Deficit) Transferred</u>
<b>Minor Budgeted Funds Transferred to the Stabilization Fund:</b>		
Revenue Maximization Fund.....	134	\$ -
Child Support Penalty Fee Fund.....	364	(352)
Brownfields Revitalization Fund.....	154	924
Danvers State Hospital Reuse Fund.....	153	-
Tax Exemption Escrow Fund.....	530	-
Firearms Records Keeping Fund.....	152	2,194
Adoption Affordability Assistance Fund.....	155	-
Transitional Escrow Fund.....	536	-
Tobacco Settlement Fund.....	156	32,404
False Claims Prosecution Fund.....	157	-
Open Space Acquisition Revolving Fund.....	159	-
Agricultural Resolve and Security Fund.....	160	-
Antitrust Enforcement Fund.....	295	(3,320)
Victim and Witness Assistance Fund.....	45	(14,850)
Intercity Bus Capital Assistance Fund.....	442	(5,115)
State Recreation Areas.....	407	-
Motorcycle Safety Fund.....	35	223
Environmental Challenge Fund.....	130	1,180
Drug Analysis Fund.....	46	308
Toxics Use Reduction Fund.....	131	(8,430)
Clean Environment Fund.....	296	32,795
Environmental Permitting and Compliance Assurance Fund.....	132	(56,068)
Underground Storage Tank Petroleum Product Cleanup Fund.....	135	(14,684)
Child Care Affordability Scholarship Assistance Fund.....	126	-
Environmental Law Enforcement Fund.....	87	(3,957)
Public Access Fund.....	94	324
Harbors and Inland Waters Maintenance Fund.....	239	(3,349)
Marine Fisheries Fund.....	381	(6,981)
Watershed Management Fund.....	136	(2,525)
Low Level Radioactive Waste Management Fund.....	36	(432)
Ponkapoag Recreational Fund.....	137	46
Division of Insurance Fund.....	37	93
Asbestos Cost Recovery Trust Fund.....	539	-
Health Protection Fund.....	145	51,103
Leo J. Martin Recreational Fund.....	146	(99)
Clean Air Act Compliance Fund.....	138	(1,897)
State Building Management Fund.....	139	4,387
Reggie Lewis Track and Athletic Center Building Fund.....	141	460
Assisted Living Administrative Fund.....	140	1,769
Solid Waste Disposal Fund.....	58	3
Second Century Fund.....	142	(796)
Safe Drinking Water Fund.....	133	(105)
Diversity Awareness Education Trust Fund.....	38	8
Child Care Fund.....	148	3,551
One Time Capital Projects Improvement Fund.....	158	-
Transitional Aid to Needy Families Fund.....	147	(5,988)
Social Services Program Fund.....	149	693
Local Consumer Inspection Fund.....	151	(574)
Caseload Increase Mitigation Fund.....	150	31,011
<b>Subtotal - Minor Budgeted Funds..</b>		<b>33,951</b>
<b>Capital Fund Transferred to the Stabilization Fund:</b>		
Capital Needs Investment Trust Fund.....	531	6,854
<b>Net fund balance / (deficit) transferred to the Stabilization Fund</b>		<b>\$ 40,805</b>
<b>Budgeted Fund Transferred to the General Fund:</b>		
Local Aid Fund.....	128	(1,802,426)
<b>Net fund balance / (deficit) transferred to the General Fund</b>		<b>\$ (1,802,426)</b>



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# *Statistical Section*



Ten-Year Schedules – Statutory Basis  
Higher Education Non-appropriated Funds – Statutory Basis

**Ten-Year Schedule Of Revenues And Other Financing Sources**  
**All Governmental Fund Types - Statutory Basis**

June 30, 2003  
(Amounts in millions)

	2003	%	2002	%	2001	%	2000	%
		Total		Total		Total		Total
Taxes.....	\$ 15,032	36.2	\$ 14,341	39.6	\$ 16,753	43.5	\$ 15,702	41.0
Federal reimbursements.....	5,528	13.3	5,237	14.5	4,668	12.1	4,364	11.4
Federal grants.....	1,852	4.5	1,595	4.4	1,450	3.8	1,360	3.6
Lotteries.....	4,425	10.7	4,425	12.2	4,138	10.7	3,913	10.2
Assessments.....	634	1.5	582	1.6	585	1.5	487	1.3
Motor vehicle licenses and registrations.....	383	0.9	326	0.9	311	0.8	285	0.7
Fees, investment earnings, etc.....	2,140	5.2	2,122	5.9	2,212	5.7	2,014	5.3
Proceeds of general and special obligation bonds.....	1,911	4.6	1,358	3.7	1,912	5.0	1,762	4.6
Proceeds of refunding bonds.....	3,398	8.2	1,501	4.1	999	2.6	-	0.0
Other interfund transfers.....	6,173	14.9	4,749	13.1	5,487	14.3	8,403	21.9
Other financing sources.....	-	-	-	-	-	-	-	-
<b>Total revenues and other financing sources.....</b>	<b>\$ 41,476</b>	<b>100.0</b>	<b>\$ 36,236</b>	<b>100.0</b>	<b>\$ 38,515</b>	<b>100.0</b>	<b>\$ 38,290</b>	<b>100.0</b>

1999	% Total	1998	% Total	1997	% Total	1996	% Total	1995	% Total	1994	% Total
\$ 14,304	42.1	\$ 14,038	43.7	\$ 12,874	46.8	\$ 12,058	46.8	\$ 11,172	45.4	\$ 10,615	45.5
4,230	12.5	4,409	13.7	4,084	14.9	3,957	15.4	3,955	16.1	3,882	16.6
1,236	3.6	1,220	3.8	1,185	4.3	1,188	4.6	1,195	4.9	1,184	5.1
3,572	10.5	3,430	10.7	3,377	12.3	3,195	12.4	2,957	12.0	2,600	11.1
534	1.6	517	1.6	557	2.0	557	2.2	566	2.3	546	2.3
281	0.8	295	0.9	295	1.1	263	1.0	307	1.2	284	1.2
2,638	7.8	1,647	5.1	1,085	3.9	1,291	5.0	1,388	5.6	1,214	5.2
1,334	3.9	1,447	4.5	899	3.3	1,087	4.2	810	3.3	690	3.0
499	1.5	862	2.7	723	2.6	-	0.0	514	2.1	836	3.6
5,317	15.7	4,240	13.2	2,416	8.8	2,150	8.4	1,708	6.9	1,465	6.3
-	-	-	-	-	-	-	-	49	0.2	35	0.1
<u>\$ 33,945</u>	<u>100.0</u>	<u>\$ 32,105</u>	<u>100.0</u>	<u>\$ 27,495</u>	<u>100.0</u>	<u>\$ 25,746</u>	<u>100.0</u>	<u>\$ 24,621</u>	<u>100.0</u>	<u>\$ 23,351</u>	<u>100.0</u>

**Ten-Year Schedule Of Tax Revenues By Source**  
**All Governmental Fund Types - Statutory Basis**

June 30, 2003  
(Amounts in millions)

	2003	%	2002	%	2001	%	2000	%
		Total		Total		Total		Total
Income.....	\$ 8,026	53.4	\$ 7,913	55.2	\$ 9,903	59.1	\$ 9,042	57.6
Sales and use.....	3,708	24.7	3,696	25.8	3,756	22.4	3,565	22.7
Corporations.....	875	5.8	587	4.2	945	5.7	1,131	7.2
Motor fuels.....	676	4.5	667	4.7	660	3.9	653	4.2
Cigarette.....	451	3.0	275	1.9	271	1.6	280	1.8
Insurance.....	345	2.3	348	2.4	323	1.9	306	1.9
Estate and inheritance.....	181	1.2	200	1.4	203	1.2	167	1.1
Banks.....	269	1.8	137	1.0	180	1.1	93	0.6
Alcoholic beverages.....	67	0.5	66	0.5	65	0.4	64	0.4
Other.....	434	2.9	452	3.2	447	2.7	401	2.6
<b>Total taxes.....</b>	<b>\$ 15,032</b>	<b>100.0</b>	<b>\$ 14,341</b>	<b>100.0</b>	<b>\$ 16,753</b>	<b>100.0</b>	<b>\$ 15,702</b>	<b>100.0</b>

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1999	% Total	1998	% Total	1997	% Total	1996	% Total	1995	% Total	1994	% Total
\$ 8,037	56.2	\$ 8,032	57.2	\$ 7,182	55.8	\$ 6,707	55.6	\$ 5,974	53.5	\$ 5,690	53.6
3,270	22.9	2,963	21.1	2,876	22.3	2,610	21.6	2,481	22.2	2,302	21.7
1,009	7.1	1,067	7.6	964	7.5	876	7.3	911	8.2	782	7.4
637	4.5	621	4.4	603	4.7	599	5.0	578	5.2	563	5.3
284	2.0	301	2.1	282	2.2	233	1.9	234	2.1	237	2.2
317	2.2	303	2.2	289	2.2	285	2.4	284	2.5	282	2.7
174	1.2	191	1.4	203	1.6	188	1.6	209	1.9	277	2.6
109	0.8	156	1.1	140	1.1	219	1.8	206	1.8	200	1.9
61	0.4	61	0.4	60	0.5	60	0.5	61	0.5	61	0.6
406	2.8	343	2.4	275	2.1	281	2.3	234	2.1	221	2.0
<u>\$ 14,304</u>	<u>100.0</u>	<u>\$ 14,038</u>	<u>100.0</u>	<u>\$ 12,874</u>	<u>100.0</u>	<u>\$ 12,058</u>	<u>100.0</u>	<u>\$ 11,172</u>	<u>100.0</u>	<u>\$ 10,615</u>	<u>100.0</u>

**Ten-Year Schedule Of Expenditures And Other Financing Uses By Secretariat**  
All Governmental Fund Types - Statutory Basis

June 30, 2003  
(Amounts in millions)

	2003	%	2002	%	2001	%	2000	%
		Total		Total		Total		Total
Legislature.....	\$ 55	0.1	\$ 59	0.2	\$ 58	0.2	\$ 53	0.2
Judiciary.....	589	1.4	589	1.5	604	1.6	570	1.5
Inspector General.....	2	-	2	-	3	-	3	-
Governor and Lieutenant Governor.....	5	-	6	-	6	-	6	-
Secretary of the Commonwealth.....	49	0.1	41	0.1	50	0.1	50	0.1
Treasurer and Receiver-General.....	4,416	10.5	4,398	11.4	4,155	11.3	3,841	10.0
Auditor of the Commonwealth.....	17	-	16	-	16	-	15	-
Attorney General.....	45	0.1	47	0.1	43	0.1	37	0.1
Ethics Commission.....	1	-	2	-	2	-	1	-
District Attorney.....	79	0.2	88	0.2	85	0.2	78	0.2
Office of Campaign and Political Finance.....	1	-	2	-	2	-	1	-
Sheriff's Departments.....	216	0.5	217	0.6	203	0.6	176	0.5
Disabled Persons Protection Commission.....	2	-	2	-	2	-	2	0.0
Board of Library Commissioners.....	46	0.1	58	0.2	57	0.2	61	0.2
Comptroller.....	21	-	11	-	11	-	9	-
Administration and finance.....	6,241	14.9	6,315	16.4	5,937	16.1	5,616	14.6
Environmental affairs.....	357	0.9	440	1.1	426	1.2	395	1.0
Communities and development.....	568	1.4	533	1.4	527	1.4	497	1.3
Health and human services.....	11,338	27.0	11,124	28.9	10,058	27.3	9,394	24.3
Transportation and construction.....	1,844	4.4	2,052	5.3	2,212	6.0	3,402	8.8
Education.....	1,587	3.8	1,563	4.1	1,422	3.9	1,287	3.3
Educational affairs.....	-	-	-	-	-	-	-	-
Higher education.....	1,002	2.4	1,085	2.8	1,142	3.1	1,032	2.7
Public safety.....	1,156	2.8	1,138	3.0	1,104	3.0	1,009	2.6
Economic development.....	31	0.1	36	0.1	53	0.1	43	0.1
Elder affairs.....	315	0.8	304	0.8	241	0.7	217	0.6
Consumer affairs.....	55	0.1	58	0.2	59	0.2	55	0.1
Labor.....	282	0.7	237	0.6	195	0.5	211	0.5
Pension.....	813	1.9	796	2.1	1,040	2.8	986	2.6
Debt service.....	1,467	3.5	1,382	3.6	739	2.0	1,237	3.2
Payments to refunded bond escrow agent.....	3,398	8.1	1,277	3.3	1,649	4.5	-	-
Fund deficit support.....	-	-	-	-	-	-	2,980	7.7
Other interfund transfers.....	5,963	14.2	4,626	12.0	4,761	12.9	5,319	13.8
Total expenditures and other financing uses.....	<u>\$ 41,961</u>	<u>100.0</u>	<u>\$ 38,504</u>	<u>100.0</u>	<u>\$ 36,862</u>	<u>100.0</u>	<u>\$ 38,583</u>	<u>100.0</u>

1999	% Total	1998	% Total	1997	% Total	1996	% Total	1995	% Total	1994	% Total
\$ 51	0.2	\$ 51	0.2	\$ 52	0.2	\$ 49	0.2	\$ 48	0.2	\$ 43	0.2
532	1.6	476	1.5	438	1.6	405	1.6	356	1.5	342	1.5
3	-	2	-	2	-	2	-	2	-	1	-
5	-	5	-	5	-	5	-	5	-	4	-
48	0.1	29	0.1	18	0.1	17	0.1	17	0.1	12	0.1
3,982	12.0	3,780	12.1	3,694	13.6	3,518	14.0	3,245	13.2	2,940	12.6
14	-	15	0.1	13	0.1	12	-	12	-	11	-
35	0.1	35	0.1	28	0.1	26	0.1	24	0.1	24	0.1
1	-	1	-	1	-	1	-	1	-	1	-
74	0.2	69	0.2	61	0.2	56	0.2	56	0.2	47	0.2
1	-	1	-	1	-	1	-	1	-	1	-
132	0.4	41	0.1	-	-	-	-	-	-	-	-
2	-	2	-	1	-	1	-	1	-	1	-
51	0.2	45	0.1	42	0.2	35	0.2	30	0.1	26	0.1
9	-	10	-	8	-	9	-	11	-	11	-
1,522	4.6	1,487	4.8	1,328	4.9	1,173	4.7	1,165	4.8	1,118	4.8
375	1.1	367	1.2	309	1.1	327	1.3	296	1.2	285	1.2
448	1.4	437	1.4	419	1.5	418	1.7	399	1.6	396	1.7
8,785	26.5	8,478	27.2	7,730	28.4	7,743	30.9	7,892	32.2	7,611	32.6
3,010	9.1	2,835	9.1	2,507	9.2	2,274	9.1	2,205	9.0	2,134	9.1
3,706	11.2	3,314	10.6	2,963	10.9	2,656	10.6	2,403	9.8	2,167	9.3
-	-	-	-	-	-	14	0.1	7	-	3	-
964	2.9	893	2.9	818	3.0	764	3.0	727	3.0	692	3.0
1,020	3.1	966	3.1	979	3.6	956	3.8	851	3.5	782	3.3
60	0.2	38	0.1	42	0.2	113	0.5	206	0.8	213	0.9
197	0.6	188	0.6	167	0.6	162	0.6	162	0.7	156	0.7
52	0.2	40	0.1	37	0.1	35	0.2	34	0.1	33	0.1
193	0.6	214	0.7	193	0.7	118	0.5	25	0.1	24	0.1
990	3.0	1,070	3.4	1,069	3.9	1,005	4.0	969	4.0	909	3.9
1,212	3.7	1,215	3.9	1,278	4.7	1,192	4.8	1,234	5.0	1,151	4.9
499	1.5	862	2.8	723	2.7	-	-	514	2.1	836	3.6
-	-	-	-	-	-	-	-	-	-	-	-
5,149	15.6	4,199	13.5	2,284	8.4	1,970	7.9	1,626	6.7	1,395	6.0
<u>\$ 33,124</u>	<u>100.0</u>	<u>\$ 31,163</u>	<u>100.0</u>	<u>\$ 27,210</u>	<u>100.0</u>	<u>\$ 25,057</u>	<u>100.0</u>	<u>\$ 24,524</u>	<u>100.0</u>	<u>\$ 23,369</u>	<u>100.0</u>

**Ten-Year Schedule Of Budgeted Funds Expenditures and Other Uses By  
Major Program Category**  
June 30, 2003  
(Amounts in millions)

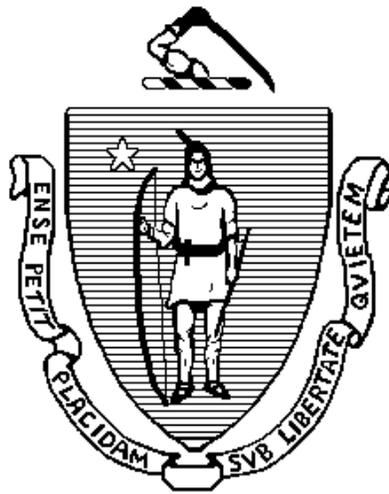
	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Direct local aid.....	\$ 5,069	\$ 5,189	\$ 4,969	\$ 4,674	\$ 4,310	\$ 3,949	\$ 3,558	\$ 3,246	\$ 2,976	\$ 2,727
Medicaid.*.....	5,485	5,259	4,642	4,270	3,856	3,666	3,456	3,416	3,398	3,313
Public assistance.....	1,019	1,030	991	959	988	1,023	1,090	1,089	1,095	1,100
Higher education.....	969	1,030	1,102	996	930	862	806	744	703	673
MBTA and regional transit authorities.....	42	49	69	592	538	530	520	518	516	522
Pension.....	813	796	1,040	986	990	1,070	1,069	1,005	969	909
Group health insurance.....	739	717	641	589	566	550	522	519	510	496
Debt service.....	1,374	1,305	676	1,193	1,174	1,213	1,276	1,184	1,231	1,149
<b>Major programs.....</b>	<b>15,510</b>	<b>15,375</b>	<b>14,130</b>	<b>14,259</b>	<b>13,352</b>	<b>12,863</b>	<b>12,297</b>	<b>11,721</b>	<b>11,398</b>	<b>10,889</b>
Other program expenditures.....	6,700	7,254	7,163	7,251	6,411	5,900	5,502	5,357	5,043	4,822
Interfund transfers and other uses.....	3,540	2,046	1,772	4,538	1,884	1,844	1,201	847	352	241
<b>Budgeted expenditures and other uses.....</b>	<b>\$ 25,750</b>	<b>\$ 24,675</b>	<b>\$ 23,065</b>	<b>\$ 26,048</b>	<b>\$ 21,647</b>	<b>\$ 20,607</b>	<b>\$ 19,000</b>	<b>\$ 17,925</b>	<b>\$ 16,793</b>	<b>\$ 15,952</b>

\* Exclusive of Non-Budgeted Medicaid spending beginning in FY03 within the Health Care Quality Improvement Fund totalling \$201 million.

## Ten-Year Schedule Of Long-Term Bonds And Notes Outstanding

Fiscal Year Ended June 30, 2003  
(Amounts in millions)

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
General obligation bonds.....	\$ 13,651	\$ 12,618	\$ 11,961	\$ 10,897	\$ 10,301	\$ 9,873	\$ 9,620	\$ 9,148	\$ 8,615	\$ 8,184
Grant anticipation notes.....	1,499	1,499	1,499	922	922	600	-	-	-	-
Dedicated income tax bonds.....	-	-	-	-	-	-	130	383	619	840
Special obligation bonds.....	813	838	539	564	586	606	521	535	395	404
Commonwealth long-term bonds.....	\$ 15,963	\$ 14,955	\$ 13,999	\$ 12,383	\$ 11,809	\$ 11,079	\$ 10,271	\$ 10,066	\$ 9,629	\$ 9,428



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# **HIGHER EDUCATION NON- APPROPRIATED ACTIVITY**

The Commonwealth's Public Institutions of Higher Education are allowed, by their enabling statutes, to collect, retain, and expend certain fees, rents, donations and other types of revenue. These financial resources are important elements to the overall financial operations of the respective institutions, and are in addition to amounts made available from appropriations. The Public Institutions of Higher Education include:

*University of Massachusetts System* – The University system includes the campuses at Amherst, Worcester, Boston, Lowell, Dartmouth and certain institutes and programs operated by the Office of the University President.

*State College System* – The State College System includes the nine state colleges, which provide four-year post-secondary education programs. These colleges include:

- Bridgewater State College
- Framingham State College
- Fitchburg State College
- Massachusetts College of Art
- Massachusetts Maritime Academy
- Massachusetts College of Liberal Arts
- Salem State College
- Worcester State College
- Westfield State College

*Community College System* - The Community College System includes the fifteen community colleges, which provide two-year post secondary education programs.

- Berkshire Community College
- Bunker Hill Community College
- Bristol Community College
- Cape Cod Community College
- Greenfield Community College
- Holyoke Community College
- Massasoit Community College
- Massachusetts Bay Community College
- Middlesex Community College
- Mount Wachusett Community College
- Northern Essex Community College
- North Shore Community College
- Quinsigamond Community College
- Roxbury Community College
- Springfield Technical Community College

**Higher Education System**  
Combining Higher Education Non-Appropriated Activity - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	University of Massachusetts	State Colleges	Community Colleges	TOTALS	
				2003	2002
<b>Revenues and other financing sources</b>					
Federal grants and reimbursements.....	\$ 223,626	\$ 19,981	\$ 55,592	\$ 299,199	\$ 273,617
Departmental revenues.....	327,979	205,111	186,395	719,485	854,876
Miscellaneous revenues.....	535,174	80,274	85,722	701,170	482,148
Total revenues and other financing sources.....	<u>1,086,779</u>	<u>305,366</u>	<u>327,709</u>	<u>1,719,854</u>	<u>1,610,641</u>
<b>Expenditures and other financing uses</b> (by MMARS subsidiary):					
AA Regular employee compensation.....	294,574	26,349	38,512	359,435	355,863
BB Regular employee related expenses.....	9,400	3,013	2,723	15,136	6,501
CC Special employees and contracted services.....	133,844	48,396	77,575	259,815	214,659
DD Pension and insurance.....	86,402	6,628	7,609	100,639	78,902
EE Administrative expenditures.....	67,025	31,571	41,869	140,465	138,117
FF Facility operational supplies.....	108,655	10,002	17,473	136,130	125,181
GG Energy costs and space rental.....	64,920	10,780	7,616	83,316	69,460
HH Consultant services.....	135,229	9,478	13,028	157,735	138,861
JJ Operational services.....	36,545	22,050	10,116	68,711	57,620
KK Equipment purchase.....	51,143	9,942	6,924	68,009	50,720
LL Equipment leases, maintenance and repair.....	22,591	10,572	8,999	42,162	34,809
MM Purchased client services and programs.....	2,871	1,543	1,868	6,282	11,954
NN Construction and improvements.....	40,064	12,772	2,871	55,707	52,890
PP Aid to local governments.....	-	185	759	944	154
RR Benefit programs.....	62,320	31,890	66,543	160,753	171,168
SS Debt payment.....	-	4,121	1,249	5,370	4,480
TT Loans and special payments.....	97,529	36,719	7,024	141,272	73,721
Total expenditures and other uses.....	<u>1,213,112</u>	<u>276,011</u>	<u>312,758</u>	<u>1,801,881</u>	<u>1,585,060</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses.....	(126,333)	29,355	14,951	(82,027)	25,581
Fund balance (deficit) at beginning of year.....	641,441	93,116	80,744	815,301	789,720
Fund balance (deficit) at end of year.....	<u>\$ 515,108</u>	<u>\$ 122,471</u>	<u>\$ 95,695</u>	<u>\$ 733,274</u>	<u>\$ 815,301</u>

**University Of Massachusetts**  
Higher Education Non-Appropriated Activity - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	<u>2003</u>	<u>2002</u>
<b>Revenues and other financing sources</b>		
Federal grants and reimbursements.....	\$ 223,626	\$ 210,029
Departmental revenues.....	327,979	519,777
Miscellaneous revenues.....	<u>535,174</u>	<u>336,196</u>
Total revenues and other financing sources.....	<u>1,086,779</u>	<u>1,066,002</u>
<b>Expenditures and other financing uses</b> (by MMARS subsidiary):		
AA Regular employee compensation.....	294,574	289,037
BB Regular employee related expenses.....	9,400	1,313
CC Special employees and contracted services.....	133,844	109,524
DD Pension and insurance.....	86,402	65,006
EE Administrative expenditures.....	67,025	73,119
FF Facility operational supplies.....	108,655	100,304
GG Energy costs and space rental.....	64,920	52,486
HH Consultant services.....	135,229	118,602
JJ Operational services.....	36,545	29,907
KK Equipment purchase.....	51,143	37,961
LL Equipment leases, maintenance and repair.....	22,591	18,840
MM Purchased client services and programs.....	2,871	8,550
NN Construction and improvements.....	40,064	39,995
PP Aid to local governments.....	-	-
RR Benefit programs.....	62,320	88,869
TT Loans and special payments.....	<u>97,529</u>	<u>34,456</u>
Total expenditures and other financing uses.....	<u>1,213,112</u>	<u>1,067,969</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	(126,333)	(1,967)
Fund balance (deficit) at beginning of year.....	<u>641,441</u>	<u>643,408</u>
Fund balance (deficit) at end of year.....	<u>\$ 515,108</u>	<u>\$ 641,441</u>

**State College System**  
Combining Higher Education Non-Appropriated Activity - Statutory Basis

Fiscal Year Ended June 30, 2003  
(Amounts in thousands)

	Bridgewater State College	Framingham State College	Fitchburg State College	Massachusetts College of Art
<b>Revenues and other financing sources</b>				
Federal grants and reimbursements.....	\$ 2,475	\$ 1,415	\$ 3,544	\$ 1,099
Departmental revenues.....	40,511	18,496	16,561	13,388
Miscellaneous revenues.....	14,589	15,880	6,120	1,257
Total revenues and other financing sources.....	<u>57,575</u>	<u>35,791</u>	<u>26,225</u>	<u>15,744</u>
<b>Expenditures and other financing uses</b> (by MMARS subsidiary):				
AA Regular employee compensation.....	8,690	1,798	3,892	1,185
BB Regular employee related expenses.....	560	158	326	284
CC Special employees and contracted services.....	8,259	5,052	3,156	2,307
DD Pension and insurance.....	1,535	924	892	490
EE Administrative expenditures.....	5,539	11,194	1,706	1,226
FF Facility operational supplies.....	1,913	656	841	999
GG Energy costs and space rental.....	1,923	1,601	601	976
HH Consultant services.....	1,707	870	1,508	616
JJ Operational services.....	4,925	3,323	1,489	2,099
KK Equipment purchase.....	1,428	1,476	1,184	755
LL Equipment leases, maintenance and repair.....	1,494	424	834	626
MM Purchased client services and programs.....	310	203	233	-
NN Construction and improvements.....	4,663	861	580	-
PP Aid to local governments.....	-	-	-	-
RR Benefit programs.....	7,206	1,708	1,607	1,371
SS Debt payment.....	-	290	-	-
TT Loans and special payments.....	5,114	2,717	4,410	849
Total expenditures and other financing uses.....	<u>55,266</u>	<u>33,255</u>	<u>23,259</u>	<u>13,783</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	2,309	2,536	2,966	1,961
Fund balance (deficit) at beginning of year.....	10,334	21,894	16,356	3,064
Fund balance (deficit) at end of year.....	<u>\$ 12,643</u>	<u>\$ 24,430</u>	<u>\$ 19,322</u>	<u>\$ 5,025</u>

Massachusetts Maritime Academy	Massachusetts College of Liberal Arts	Salem State College	Worcester State College	Westfield State College	TOTALS	
					2003	2002
\$ 571	\$ 1,522	\$ 3,990	\$ 2,455	\$ 2,910	\$ 19,981	\$ 16,149
6,609	8,907	44,625	18,645	37,369	205,111	173,418
5,945	5,932	22,470	4,330	3,751	80,274	67,947
<u>13,125</u>	<u>16,361</u>	<u>71,085</u>	<u>25,430</u>	<u>44,030</u>	<u>305,366</u>	<u>257,514</u>
447	1,116	5,670	880	2,671	26,349	27,412
251	197	536	467	234	3,013	2,525
2,196	1,662	17,463	5,032	3,269	48,396	46,329
111	204	1,542	140	790	6,628	6,917
1,302	1,538	5,785	1,562	1,719	31,571	28,041
1,349	481	1,950	895	918	10,002	8,414
409	473	2,297	886	1,614	10,780	9,989
509	569	2,458	651	590	9,478	8,456
2,938	2,655	2,830	787	1,004	22,050	18,999
898	283	2,915	516	487	9,942	6,795
218	881	4,893	486	716	10,572	8,121
-	-	612	-	185	1,543	1,247
-	8	1,495	1,939	3,226	12,772	9,164
-	-	-	185	-	185	9,164
604	2,658	9,771	4,036	2,929	31,890	23,270
-	-	-	1,361	2,470	4,121	3,652
568	1,132	3,932	(82)	18,079	36,719	34,545
<u>11,800</u>	<u>13,857</u>	<u>64,149</u>	<u>19,741</u>	<u>40,901</u>	<u>276,011</u>	<u>243,876</u>
1,325	2,504	6,936	5,689	3,129	29,355	13,638
1,585	2,635	20,679	9,055	7,514	93,116	79,478
<u>\$ 2,910</u>	<u>\$ 5,139</u>	<u>\$ 27,615</u>	<u>\$ 14,744</u>	<u>\$ 10,643</u>	<u>\$ 122,471</u>	<u>\$ 93,116</u>

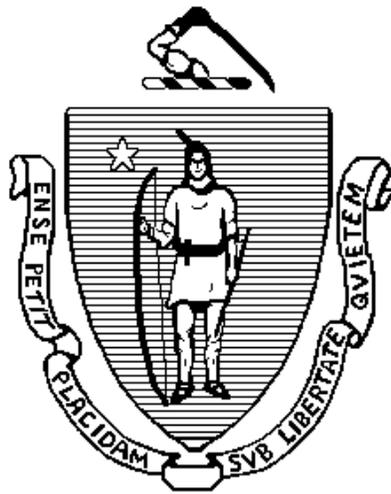
**Community College System**  
Combining Higher Education Non-Appropriated Activity - Statutory Basis

Fiscal Year Ended June 30, 2003

(Amounts in thousands)

	Berkshire Community College	Bunker Hill Community College	Bristol Community College	Cape Cod Community College	Greenfield Community College	Holyoke Community College	Massasoit Community College
<b>Revenues and other financing sources</b>							
Federal grants and reimbursements.....	\$ 2,055	\$ 5,146	\$ 6,140	\$ 2,322	\$ 2,063	\$ 4,676	\$ 4,074
Departmental revenues.....	7,432	17,223	12,408	5,886	6,433	2,515	14,884
Miscellaneous revenues.....	1,502	5,532	8,333	8,799	5,853	6,686	1,884
Total revenues and other financing sources.....	<u>10,989</u>	<u>27,901</u>	<u>26,881</u>	<u>17,007</u>	<u>14,349</u>	<u>13,877</u>	<u>20,842</u>
<b>Expenditures and other financing uses</b> (by MMARS subsidiary):							
AA Regular employee compensation.....	1,596	5,899	3,425	2,112	3,245	1,301	675
BB Regular employee related expenses.....	88	215	193	145	211	270	93
CC Special employees and contracted services.....	1,497	4,703	5,457	3,646	3,628	4,901	5,605
DD Pension and insurance.....	664	270	873	569	351	443	234
EE Administrative expenditures.....	1,003	1,943	1,447	967	908	2,480	1,194
FF Facility operational supplies.....	1,225	555	836	428	953	2,258	884
GG Energy costs and space rental.....	209	253	215	165	628	66	542
HH Consultant services.....	584	752	1,008	1,044	247	443	217
JJ Operational services.....	606	2,165	1,253	186	361	771	541
KK Equipment purchase.....	233	460	677	815	401	808	681
LL Equipment leases, maintenance and repair.....	202	503	333	487	240	227	1,087
MM Purchased client services and programs.....	89	153	395	22	13	41	28
NN Construction and improvements.....	29	34	237	-	7	603	71
PP Aid to local governments.....	40	-	12	-	-	-	-
RR Benefit programs.....	2,177	5,340	6,183	3,513	2,999	6,554	5,124
SS Debt payment.....	-	-	-	-	-	-	-
TT Loans and special payments.....	19	-	165	1,998	263	-	1,184
Total expenditures and other financing uses.....	<u>10,261</u>	<u>23,245</u>	<u>22,709</u>	<u>16,097</u>	<u>14,455</u>	<u>21,166</u>	<u>18,160</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses.....	728	4,656	4,172	910	(106)	(7,289)	2,682
Fund balance (deficit) at beginning of year.....	(3,711)	7,268	8,688	5,063	2,949	18,509	3,550
Fund balance (deficit) at end of year.....	<u>\$ (2,983)</u>	<u>\$ 11,924</u>	<u>\$ 12,860</u>	<u>\$ 5,973</u>	<u>\$ 2,843</u>	<u>\$ 11,220</u>	<u>\$ 6,232</u>

Massachusetts Bay Community College	Middlesex Community College	Mount Wachusett Community College	Northern Essex Community College	North Shore Community College	Quinsigamond Community College	Roxbury Community College	Springfield Technical Community College	TOTALS	
								2003	2002
\$ 1,834	\$ 4,609	\$ 4,128	\$ -	\$ 6,649	\$ 3,790	\$ 3,367	\$ 4,739	\$ 55,592	\$ 47,439
12,151	14,469	12,799	32,371	16,530	16,725	2,433	12,136	186,395	161,681
1,145	5,475	2,920	2,982	6,763	6,493	13,049	8,306	85,722	78,005
<u>15,130</u>	<u>24,553</u>	<u>19,847</u>	<u>35,353</u>	<u>29,942</u>	<u>27,008</u>	<u>18,849</u>	<u>25,181</u>	<u>327,709</u>	<u>287,125</u>
577	4,920	3,092	1,116	7,222	1,231	392	1,709	38,512	39,414
329	317	339	7	104	145	91	176	2,723	2,663
3,612	7,801	3,563	121	5,091	6,969	16,159	4,822	77,575	58,806
132	1,817	544	263	359	473	148	469	7,609	6,979
1,694	1,690	1,110	21,866	1,457	1,852	408	1,850	41,869	36,957
518	833	566	23	2,302	3,285	173	2,634	17,473	16,463
887	1,360	930	53	1,216	481	90	521	7,616	6,985
3,135	1,027	1,165	88	973	1,098	355	892	13,028	11,803
1,597	823	323	19	255	406	274	536	10,116	8,714
334	213	464	27	334	170	508	799	6,924	5,964
819	507	538	25	527	2,359	57	1,088	8,999	7,848
-	-	189	-	6	-	-	932	1,868	2,157
54	1	959	-	25	717	-	134	2,871	3,731
-	-	707	-	-	-	-	-	759	154
2,079	3,461	3,082	8,711	6,122	5,296	450	5,452	66,543	59,029
-	-	72	-	1,112	65	-	-	1,249	828
-	117	80	1,413	251	803	14	717	7,024	4,720
<u>15,767</u>	<u>24,887</u>	<u>17,723</u>	<u>33,732</u>	<u>27,356</u>	<u>25,350</u>	<u>19,119</u>	<u>22,731</u>	<u>312,758</u>	<u>273,215</u>
(637)	(334)	2,124	1,621	2,586	1,658	(270)	2,450	14,951	13,910
<u>6,139</u>	<u>2,486</u>	<u>1,505</u>	<u>3,748</u>	<u>3,501</u>	<u>672</u>	<u>646</u>	<u>19,731</u>	<u>80,744</u>	<u>66,834</u>
<u>\$ 5,502</u>	<u>\$ 2,152</u>	<u>\$ 3,629</u>	<u>\$ 5,369</u>	<u>\$ 6,087</u>	<u>\$ 2,330</u>	<u>\$ 376</u>	<u>\$ 22,181</u>	<u>\$ 95,695</u>	<u>\$ 80,744</u>



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